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NEAR EAST/NORTH AFRICA REPORT

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UAE PAPER CALLS FOR GULF SUMMIT CONFERENCE

GF151842 Al-Sharīqah AL-KHALIJ in Arabic 13 Oct 80 p 1

[Editorial: "An Immediate Gulf Summit Is a National Historic Task"]

[Excerpts] Now that the Iraqi-Iranian war has lasted so long, the situation in the Gulf and the Arab region is leading politically, economically, militarily and psychologically toward a real calamity. It will reach one if immediate and effective action is not taken to stop this situation in preparation for reasonable and wise arbitration for the sake of the primary interest and through guidance by principles and national traditions which have been enriched by Islam and which accelerated the spread of Islam.

During these days of the bitter Iraqi-Iranian war, the observer of the Arab situation in general and the Gulf situation in particular sees clearly that the savagery and squalor of war machinery, the psychological and media warfare couldn't defeat the wisdom and reason that are characteristic of the Arab nation and were achieved admirably through practices associated with Arabism and Islam on the way to the establishment of states, respect for man and contribution to the civilization of man.

When peace, goodness and understanding are called for to rule Gulf relations these days, it is not a mere political exercise or simply a call that can have no part in the Arabs' battle against their imperialist and Zionist enemies. It is rather a call based on close knowledge of the true nature of this nation, which has witnessed conflicts and crises and learned, from this knowledge, that dialog leads to consensus on the common goal. It was the departure from peace and guiding dialog which led to the situation from which the Arabs and Muslims are now suffering and of which the Iraqi-Iranian war is an example. When dialog and the inclination to peace were lacking, the law of war ruled the two neighbors: Iraq and Iran. And when the rift dividing Iraq and Iran began to widen, it engulfed all the Arabs. The picture is very clear: It is between pro-Iran Arabs and anti-Iran Arabs, Arabs against non-Arabs, anti-Muslim Arabs and anti-Muslim Muslims.

It is a pitiable situation indeed. The losers are the Gulf countries, Arabs and non-Arabs, and the sole winner is the enemy of the region, world imperialism and its world Zionist ally. The conflict is giving the enemies of the Arab nation, of Arab-Islamic consolidation and of anti-imperialist and Zionist struggle a splendid, attainable opportunity.

A Gulf summit conference is urgently needed. We firmly believe that the leaders of the region's countries, if they don't take such a step, will miss a historic opportunity granted by destiny to achieve an exceptional national feat. We call for such a Gulf summit soon with the sole objective of stopping the disaster and keeping it from turning into a river of blood which will never dry. Such action is within the framework of true, constructive and comprehensive understanding in the interest of the nations and peoples of the region and their historic relations.

CSO: 4802

TOP PALESTINIAN LEADER ANALYZES STRUGGLE WITH ISRAEL

Beirut AL-SAFIR in Arabic 16 Sep 80 pp 8, 9

[Report on interview with Abu Iyad by Salih Qallab: "A Talk With Abu Iyad on Concerns About the Palestinian and Lebanese Situation"]

/Text/ Talking with Salah Khalaf (Abu Iyad) on the concerns and worries of the Palestinian revolution is always significant, by virtue of his status in the FATH command, his longstanding roles in dealing with the most delicate, sensitive issues, and his position in the Palestinian revolution as a whole.

People who know Abu Iyad, and people who have followed the political tasks he has assumed close at hand, will always remember a string of difficult missions. In Amman Abu Iyad was always the figure of national unity. At the fourth FATH conference he played a prominent role in unifying the ranks of the conference and enabling it to rise above the numerous difficulties facing it. In Lebanon he was the person assigned by the FATH command to hold the dialogue with the authorities and try to find ways out of crises, starting with the famous Shatura agreement and proceeding up to the latest meetings with chiefs Sarkis and al-Huss.

In this dialogue AL-SAFIR held with him after his return from a long trip, in which colleagues Balal al-Hasan, Sa'd Mahyu and Salih Qallab took part, Abu Iyad was as usual clear in answering all questions.

In talking about the Lebanese arena, Abu Iyad did not belittle the responsibility for security transgressions, but called for bridges of trust to be extended among the resistance, the Lebanese authorities and the deterrence forces, and for the transgressions to be remedied by mutual coordination, considering that the security issue is an indivisible one.

In talking about Arab circumstances, he was also explicit in calling for the establishment of solid, strategic relations with Syria, eliminating all the possibilities for doubt which arise from time to time.

In talking about Palestinian conditions, he stressed the need to hasten to convene the Palestinian National Congress lest its constant postponement affect the solidity of internal relations.

In talking about international Palestinian activity, he was very precise in defining the need to continue political action toward Europe and similarly to put a ceiling on this movement and to remove illusions on any anticipated European position independent of American policy.

What imparts greater importance to conversation with Abu Iyad is the fact that in his positions he expresses not just his personal convictions but also the directives of the Palestinian command, from the viewpoint of one who is knowledgeable about the various, indeed sometimes contradictory, information, decisions and viewpoints. Herewith is the text of the conversation.

Holding the National Congress

/Question/ The National Congress was to have been held at the start of September 1980. We know that there are some organizational issues which require previous discussion, but to what extent is it correct to state that the postponement of the council was made in anticipation of the American elections and the European initiative?

/Answer/ With regard to this matter, I must point out that the National Congress, at its meeting in June, formed a committee of secretaries general under the chairmanship of our brother Abu 'Ammar to agree to all details bearing on the Executive Committee and some issues which are hanging, on grounds that the political program is approved by the National Congress.

This committee was to have met last 18 August but it appears that the Palestinian command's preoccupation with holding the Jerusalem committee in Morocco prevented this meeting. I believe that there is no political reason in the background for postponement of the National Congress as far as either the American elections or the European initiative go.

Probably it is the failure to state the reasons for the postponement of the National Congress meeting that has led to these ambiguities and stirred up these rumors. The failure to state them has also led some detachments to raise an outcry, and I say they have the right to do so, because postponements without explanations certainly lead to stirring up doubts.

I stress here that we now need a congress meeting more than in any past period, and I also stress that if there is no longer any justification to postpone it, I believe it should be convened at the start of next month.

Before that, however, it is necessary to reach agreement over the following basic issues. First, the detachments must meet and agree on the form of the Executive Committee, because without agreement on this issue we

will go through the same painful experience we went through at the previous National Congress meeting.

Second, it is necessary to reach agreement on a minimum national unity, militarily and financially, especially since the Palestine Liberation Organization's national fund is now able to cover all the detachments' requirements and it is not compelled to go to one Arab country or another and hold out its hand for money.

I believe that it is now time for the budgets of all detachments of the resistance to be under the Liberation Organization--strengthening national unity and making us discuss other subjects besides money with the Arab countries.

Third, it is necessary to observe sudden political changes, and we should promulgate a plan for dealing with them in the light of the political program which has been approved, although in circumstances which differ from the current one in some particulars.

In other words, before the National Congress meeting we must agree on the style of confrontation and on what our role is and what the role of others in it is. We must set out a plan and mobilize the Arabs around it, because the Arabs, as has been clear so far, do not have any confrontation plan. Therefore we must explain the role of oil in the struggle and the role of military power in the struggle. I state that before convening the National Congress we must agree on political movement, if we are not able to agree on the abovementioned points.

Some of us are now opposed to political movement on the European level, and some are unreservedly for this movement. Therefore, before the National Congress convenes, it is necessary for us to agree on this point at least, because once agreement is reached on these issues the time for convening the congress will not be important, whereas if we do not agree on a political position and the state of the council remains hanging, Palestinian national unity itself will be affected.

I now recommend that the committee assigned by the Central Council meet to discuss matters most frankly in order to take a stand on the abovementioned issues and determine a firm date for the congress meeting.

Finally, I believe that linking postponement of the congress to the American elections or the European initiative is not right. Proof of that is that as long as it is not possible to bind the Palestinian leaders to it outside the congress it will not be possible to bind them to it within it.

The Limits of the European Initiative

/Question/ Is the goal of European activity the belief that the existing balance of forces in the region will permit successful official diplomatic

activity, or is it just an issue of political activity to gain support from public opinion?

/Answer/ The issue about which most uproar has revolved is that of the European initiative, although the matter is very plain and simple.

Before talking about the initiative, we must ask the following:

Must we become immersed in what is going on in Lebanon and content ourselves with talking about political victories?

Will we just be content with military action and not turn it into political positions?

We must view political activity in this framework, whether it is toward Europe or in another direction.

I believe that through this movement we will have to achieve gains for our people's cause, however they differ, however small they might be.

Here, however, one must distinguish between moving politically for the sake of new gains for our people and betting that a movement toward Europe may produce an acceptable solution for our cause.

This type of bet will certainly lead to illusions and mistakes, because the Palestinian, Arab and international balances of forces will not allow for thought of a reasonable solution through the current European movements.

Therefore one must just view political movement from the standpoint of attaining media and political gains in the European camp.

As the regards the European initiative, on which talk is taking place and toward which we observe some movement, I can state in advance that that initiative is an extension of American diplomacy and an extension of Washington's movements.

Europe is not able, and does not dare, to move alone without a signal from the American White House.

Even as far as the two major countries in Western Europe go, that is, West Germany and France, Germany is to be considered a political and economic colony, even a military colony, of the United States.

As for France, in spite of the fact that it is trying to adopt an independent position, this position has not yet reached the point of liberation from the zone of American influence, especially since the American administration, headed by Carter, has laid out a red line on the Middle East, and that is Camp David. Carter considers that any diminution of Camp David is

tantamount to a challenge to his foreign policy and the successes it has realized during his term.

Neutralization of Oil

I believe that some Arabs do not want to use oil in the struggle, either by threatening to cut it off, by controlling its prices or selling it to friendly countries at reduced prices. Therefore they have resorted to backing the European initiative in order to cover their positions and say "We are in the struggle, and Europe, through our efforts, has started to tilt toward the Arabs."

I can give an example of that in D'Eustaing's visit to the region, in which as the price for his statements on the Liberation Organization and the Palestine cause he reaped great gains for his country and the European states, although in fact he brought nothing new in spite of all that was said about his progressive stand in this sphere.

I state that we must not fall prey to the illusion that there is a European initiative. It is true that we hear some promises from one European official or another, but these will all remain just promises, and all European initiatives will remain mere movement within the American orbit.

/Question/ What about the relationship between the European initiative and the American elections?

/Answer/ I believe that Washington's view on the European Middle East initiative will crystallize after the American elections, on grounds that the Europeans will then demand that the American administration show what limited formal concessions it will accept regarding Camp David.

As for the European initiative assuming a form independent of the American contest, I state that that is impossible, and, even if we concede that it is possible that a third force could appear in Western Europe, alongside the American imperialist camp and the system of Socialist states, this would be considered a revolution in international politics which is not likely to happen now.

Europe--and the Arabs

/Question/ But in the light of all this, isn't it necessary that the resistance distance itself from the Arab countries accepting the European initiative.

/Answer/ To clarify what you say, one must recognize that there is a crisis of confidence in our relations with the Arab bodies involved where by our movements and positions are interpreted in an incorrect fashion.

Therefore I say that we must describe to certain Arab countries, and our partners in the Perseverance and Steadfastness Front, the true nature of our movement toward Europe, which does not go beyond a specific political framework and does not reach the point of an illusion that this movement will yield a solution.

Moreover there is another matter which must be noted and that is that some statements issued by some Palestinian officials are sometimes not marked by precision and therefore some Arab brothers, in light of the crisis of confidence, give these statements interpretations which are remote from the true nature of the real Palestinian positions.

Our brothers must understand the importance of our political movement; if we abrogate it it will be as if we have abrogated our existence, but we must clarify the dimensions and limits of this movement and the extent to which we are betting on it. At that point I foresee that the lack of confidence will disappear and will be replaced by a common coordination aimed at deepening the contradictions between Israel and some European forces, inside or outside power, and expanding the scope for recognition of the Liberation Organization.

/Question/ However, the issue of the European initiative is not confined just to the Liberation Organization. There are other Arab countries, like Saudi Arabia, Jordan and Iraq, which are enthusiastic about this initiative.

/Answer/ I mentioned earlier that some Arab countries, not necessarily the ones I mentioned, believe that euphoria over the European initiative might exempt them from their responsibilities for setting forth oil as a weapon in the struggle.

New statements are being made about the failure to use oil in the struggle, on the excuse that this method is repugnant to civilized human taste and so forth. People make these statements in order to remove oil from the struggle and separate economics from politics, although, if we recall the history of the Arab struggle with Zionism we will find that Israel launched its wars against us at times when it was being stifled by economic crises and the crisis of unemployment.

Ceausescu's Activity

/Question/ Ceausescu, we have learned, advised some Palestinian officials to exploit the present situation and get what can be gotten, on the pretext that the coming years will witness a new international detente and will witness a decline in the degree of the world's need for oil as a source of energy.

/Answer/ What can be gotten? At a time when Israel is even bargaining over autonomy, which does not go beyond a mission to implant the occupation

on our territory and does not respond to the slightest national demand of our people, and has adopted a decision to incorporate Jerusalem with the objective of further diligent activity to lay its hands on our territory and our people?

I differ with Ceausescu in his viewpoint. He thinks that it is possible to divert the Palestinian people at this stage through some placebo.

This reminds me of the attack launched against us to make us tentatively accept autonomy. Some of our friends advised us after Camp David tentatively to accept this until we strengthened ourselves, and then demand new gains.

This type of step could be acceptable in the case of another pattern of imperialism, but, as regards the Israeli presence on our territory, that is a colonialist imperialist presence and I stress that acceptance of autonomy will be tantamount to a step toward strengthening and implanting this presence at the expense of the rights and the existence of our people.

Sliding into this kind of step will result in joining al-Sadat, who is no longer able even to extricate himself even partially from being bogged down on the road to final treason.

/Question/ In the light of your talk about the oil issue, do you not believe that it is the resistance's duty to set out a plan to tell the Arab masses ways and means for using oil, such as reducing production, raising prices, linking political negotiations to oil issues, and commercial and economic matters related to them?

/Answer/ I believe that Arabs, even those who have not yet reached adulthood, have started to realize the value of oil in the struggle. We realize that some Western European countries are resorting to a rapprochement with us because they are eager to exploit our influence on the Arab situation to obtain specific gains in oil.

Therefore I consider that the Arab oil states must follow a plan to explain the value of oil in the political struggle.

Here I can give an example. Before the Suez war, which 'Abd-al-Nasir waged, the Arabs did not exactly realize the value of the Suez Canal; they just knew that it was a simple waterway.

However, following 'Abd-al-Nasir's nationalization of the canal and the 1956 war, the strategic importance of this important waterway was driven home to the Arabs.

Now the Arab nationalist oil countries must take a stand like 'Abd-al-Nasir's so that the importance of this vital element in the struggle the Arab nation is embarked on will be clear to the Arab masses.

However, I would like to state bluntly that people have started to feel that the Arabs do not want to bring oil into the struggle, for numerous reasons, foremost fear of America, American occupation and confrontation with America.

I say that this fear is unjustified, because, if we put barrels of gunpowder under the oil wells and threaten to set them off in the event of any threat to infringe on the sovereignty of a given Arab country, no country in the world, America or any other, will dare even think of occupying or invading an Arab country.

Threats to the Gulf States

/Question/ As long as you are talking about oil and threats of occupying oil fields, this reminds us of what is currently being said to the effect that the gulf is on the verge of tensions and rifts, and what is said about the role of Palestinians in these tensions.

/Answer/ We have been hearing these rumors for a long time, and I believe that their purpose is to get people to take the issue of American bases in the gulf area for granted, especially since some emirs and sheiks reject the presence of such bases and the Arab masses there are fighting against American hegemony in the region. There is also an Arab rejection by some countries of these bases.

This is one reason, and a main one, but a second reason is to put some wedge between the Palestinians and expatriate Arabs in the gulf area on the one hand and the original inhabitants of the region. Therefore some people are fabricating individual problems and security problems and labelling Palestinians with them to justify banishing and deporting them, in order to make it easy to implant an American military presence in the region.

In this regard, concentration is now being made on Kuwait.

I might mention that I met the Emir of Kuwait 6 months ago and a conversation took place on the Ka'bah incident. We said that some people from a number of Arab countries were among the people who caused that incident but there were no Palestinians among them, and we stressed that that was proof that it is not necessarily true that Palestinians participate in every problem occurring in a given area.

After that meeting, in which the Emir of Kuwait was won over to our viewpoint, two incidents took place:

First, the hijacking of an airplane by a Palestinian who was working in Kuwait. In spite of our condemnation of this act, which is not justified by the oppression and bias this Palestinian faced, we are amazed at the media attack which was launched against the Palestinians in Kuwait, which

ignored all their contributions to the development of this fraternal country and service to its people.

Second, the explosion in the AL-RA'Y AL-'AMM newspaper. I can assert to you that when I heard this news, I was outside the Arab area, and it only occurred to me that it was Israeli intelligence, or that of some other hostile body, that carried out this operation.

However, when I returned I was surprised to hear that some Palestinians had been arrested on the charge of involvement in this operation, which we condemn and deplore, as we do not permit anyone connected with the Palestinian revolution, closely or remotely connected with the Palestinian revolution, to venture on such operation.

In this sphere, I am amazed, in spite of the competent bodies' knowledge of the nature of our positions on such matters, that defamation campaigns are being carried out and that talk is being made of an open trial. I have even started to feel as if the objective is to fabricate problems between the Kuwaiti government and the Palestine Liberation Organization.

We are not against having any Palestinian who has done wrong brought to trial, but we are against defamation and against the fabrication of campaigns against Palestinians which we fear will move into offices, schools and factories and could lead to unpleasant things.

Any Palestinian might err. We are not angels. However, for this noise to be stirred up on this matter at a time involving issues which bigger, more serious Arab bodies stand behind, at a time when we have refrained from embarrassing the government of Kuwait on the issue of the assassination of 'Ali Yasin, this means that the intention is to deport Palestinians from Kuwait so that it may fall prey to American bases. I am not saying that we are the ones protecting Kuwait, but I say that the goal in expelling our people from Kuwait is for Kuwait to create a justification for American intervention.

We Are Not a Party to an Axis

/Question/ There are people who say that FATH is working out of an alliance with Iraq, that this alliance has opened the way for the European initiative, and that it has opened the way to the special relationship with Jordan and led to touchiness between you and Syria.

/Answer/ The subject of an alliance is not at issue, because alliances have meanings which are different from the existing situation. What I would like to say is that our relations with Iraq improved recently, having been almost cut off before Camp David.

I stress that our real alliances are expressed through the Perseverance and Steadfastness Front, because as far as we are concerned that represents

a position which is more advanced than other Arab positions. It was our hope that Iraq would join this front, in view of the weight it accounts for on the Arab stage.

However, for reasons which concern it, it has not joined this front. Therefore, because we are pursuing a platform which holds that it is necessary to deepen bonds with any country standing against Camp David, we are concerned about good relations with Iraq.

We have heard of these rumors, which might perhaps have been repeated by some Arab officials. I have not met with Syrian officials for a while but some of them might be repeating talk of this sort.

Therefore, from a position of responsibility, I deny that the Palestinian revolution is a party to an Arab axis working against any given Arab body. As I said, our basic position is in the Perseverance and Steadfastness Front, but that does not prevent us from having good relations with other Arab parties working against Camp David.

Ultimately I must state that Syria always represents along, and, as far as the current period goes, all fighting forces must stand alongside the current Syrian regime to confront the assault which is being made on it because of its positions against Camp David.

Then one must point out that some forces, in order to drive wedges between us and Syria, are anxious to spread rumors about a Palestinian-Jordanian-Iraqi-Saudi security alliance and talk about a Saudi-Jordanian-Iraqi-Palestinian axis.

Once again I say that the goal of these rumors is to crush the prime element of perseverance; their goal is to crush the firm relations between Syria and the Palestinian revolution and the Lebanese national movement.

Our Relations with Jordan Embarrass Us

/Question/ It is clear that relations with Jordan constitute a basic matter of dispute among the detachments of the resistance. The prevailing view is that Jordan is exploiting this dialogue with you for its benefit, is moving toward Europe, and is establishing a Ministry of Occupied Territory Affairs in order to attain the demand for a united kingdom.

/Answer/ To be fair I must say that the dialogue with Jordan was approved by the Palestine National Congress, under the pressing need to expand the scope of contacts with our people in the occupied territories and to create political and military positions for ourselves in Jordan.

Our aspirations were to create a firm base in Jordan to confront the enemy, but the Jordanian regime limited the scope for cooperation to the occupied territories and did not allow any cooperation outside this framework.

Most bluntly, I say that the fact that our relations with the Jordanian regime take this form is causing us much embarrassment. At a time when Palestinian officials are going to Jordan and sitting down at the negotiating table with Jordanian officials, Jordanian intelligence is carrying out broad house searches and arrests against our Palestinian and Jordanian people.

It is necessary to point out that arrests of our people in Jordan are continuing in spite of all that is said about the releases which have taken place.

It is true that some arrested persons have been released, but in exchange for these releases intelligence has arrested many many times more people than were released.

In the last 2 years Jordanian intelligence has broadened the scope of its activities against our people. The file on this is in front of me. They have not stopped infiltration campaigns against us and have not stopped cursing us while Palestinian leaders are holding dialogues with their officials in Amman.

I believe that if the Jordanian regime's intention is sincere, it will permit broader relations than cooperation on certain matters concerning the occupied territories.

If the Jordanian regime's intentions are sincere, it will allow the Palestine revolution to mobilize the masses in Jordan and agree to a form of cooperation, even partial, regarding military activity in the occupied territories.

To confine relations just to methods of distributing aid in the occupied territories, I believe that a committee much lower than the command level is able to carry out that task and as a consequence I say that the Jordanian regime is the only one benefiting from the relationship with us. It is moving in the political and foreign contexts under the cover of mutual understanding with the Liberation Organization although it is not even giving the resistance the slightest rights from these relations.

I further stress that it is necessary to specify a position and review relations with the Jordanian regime in the light of the National Congress resolutions.

If the Jordanian regime is to remain the sole beneficiary of the relationship with the Liberation Organization by obtaining Arab funds or by moving politically to attain a united kingdom, I say the matter requires urgent review, because for relations to continue without rules will result in a disaster.

/Question/ We have heard that there has been a freeze on your part of joint committees with Jordan.

/Answer/ Matters have not reached that point. However, there is a stand on our part in the light of the experience of the past 2 years, because we do not agree that a Palestinian leader should go Amman and not be allowed to visit the al-Wahdat camp. Nor do we agree that Jordanian intelligence should continue its campaigns against our people and the staffs of our revolution.

The Camp David Predicament?

/Question/ Much talk is going on about the Camp David predicament, and, through that, the predicament of the Egyptian regime. First, do you really believe that Camp David is in a predicament or is what is called the predicament just the implementation of a separate peace between Egypt and Israel, which is the essence of Camp David?

Second, what is the meaning of bringing down Camp David? Does that mean making al-Sadat retrench or bringing down his regime?

/Answer/ Let me go back a little, that is, back to 1970, and point out that a Palestinian resistance delegation met with the late leader Jamal 'Abd-al-Nasir. At that time he showed us documents on international offers to return all of Sinai to Egypt in exchange for an end to the state of war with Egypt.

At that time, 'Abd-al-Nasir told us, "They want to swallow the Egyptian fish, so that it will be easy for them to swallow the other Arab fish." Therefore, in view of the occurrence, I state that al-Sadat realized and declared before embarking on Camp David that that solution would be an Egyptian-Israeli one and could be nothing but that.

However, in alienating Egypt, al-Sadat has had to tell the Arabs that what he was reaching was not a separate Egyptian Israeli solution. Therefore I am sure that all the talk that went on, before and after Camp David, on a so-called Egyptian-Israeli dispute over the Palestinian issue, is only part of the same process of alienation.

I stress that if Israeli had not paid part of Sinai as a price for the Palestinian cause, the Arab cause and Egypt's relations with the Arab nation, it would never have withdrawn from a square inch of Egyptian territory.

Proof of the validity of what I am saying is that these complications that talk has been going on about, before and after Camp David, reached a climax, then disappeared all at once, and the separate solution has continued on its way unobstructed.

This applies to some matter related to autonomy, the settlements and even the issue of incorporating the city of Jerusalem which al-Sadat tried to exploit in order to portray himself as concerned for the Palestinian cause and the sacred shrines of Moslems, which he is still relinquishing and considering not to be a basic problem obstructing the resumption of negotiations.

This is as far as the first issue goes. As regards the second issue, bringing about the collapse of Camp David, I say that persons who view this issue in terms of betting on the chance that al-Sadat will draw back are far removed from reality, consciously or unconsciously.

al-Sadat went on to Camp David determined not to draw back from any step he took. Anyone following al-Sadat's statements since the signing of the Camp David agreements must notice that this man considers that he has entered history through them.

Therefore the simplest obvious facts stress that bringing Camp David down means bringing al-Sadat down, that there will be no bringing down Camp David without bringing down al-Sadat. In this sphere one must remind people that the Egyptian people, who have fought tyrannical rulers with caustic jokes, always reached the peak of tension and rose up against these rulers with blood and iron. This is what happened in the era of 'Urabi and what happened in the July revolution under the command of 'Abd-al-Nasir, and this is what will happen against al-Sadat, in spite of the gloom surrounding Cairo now.

The Resistance's Predicament

/Question/ A final question on this subject: it sometimes seems to the observer that the Palestine cause is realizing great successes on the international level, while it faces further frustrations on the Arab level, and in this sense faces a strategic predicament. Do you agree with this view of things?

/Answer/ The cause of the predicament is not the fact that we are living in a small area which is Lebanon; rather, it may be ascribed to a general Arab deficiency and to general frustration, which makes it mandatory that we set forth a broad scale plan of action which in the first place will observe Palestinian-Syrian relations and consolidate them on a firm basis transcending minor points of touchiness.

I say that it is necessary that there will be a lack of complete congruence between our positions and those of our Syrian brothers, for a simple reason, which is that they are an existing state with all its assets and we are a revolution with its special, objective circumstances. However, this must not result in a lack of trust or a lack of coordination in everything.

I say most bluntly that if we do not arise, we and Syria, and hold hands to face all the challenges that come up, the Arab situation will proceed toward further deterioration and regression.

Therefore we must build firm, solid, clear relations which are not influenced by reports, whispers, plots or attempts at distortion and confusion.

Again I stress that we, along with Syria, will be able to dispell Arab deficiencies, will be able to disrupt the balance of forces, and will be able to extend into a heartland which reaches Iran and the Arab west.

In this regard, I also say that it is necessary to strengthen the Perseverance and Steadfastness Front and strengthen the trust of the Arab masses, lest they continue to view its action as just that of a body issuing statements with no scope for carrying them out in actuality.

/Question/ Some days ago Yasir 'Arafat called for an Arab Defense Council meeting to discuss the dangers of the Israeli aggressions against southern Lebanon. So far we have not noticed any Arab response. Frankly, we say that if he had gone to any international body it would not have delayed in responding to the call. This is the predicament.

/Answer/ Our brother Abu 'Ammar called for an Arab summit before that and the Arabs did not respond. He called us to a meeting of foreign ministers of Arab countries before the convening of the United Nations session, and the Arabs still did not respond and the issue was confined to a meeting at the delegate level in the international organization.

This issue does not concern Abu 'Ammar as a person; rather, it concerns the Palestinian revolution, because Abu 'Ammar is the commander and spokesman of this revolution. However, this state of affairs leads us to an important matter, which is that some Arab countries are no longer afraid of the Palestinian revolution.

Therefore I say that these Arabs must know that the Palestine cause has become an international one, as well as being the everyday cause of every Arab, and that the voice of the Palestine revolution, as a consequence, cannot be bought by money. We need money, this is true, but I say in a loud voice that we need political positions.

Let me be more explicit. This indifferent position toward the Palestine revolution is caused by the alienation which sometimes seeps into Palestinian-Syrian relations, because Syrian-Palestinian relations are firm and clear and will impose on every Arab a blood tax and will bind them to positions on the Palestine cause.

The Unity of Syria and Libya

/Question/ The latest important Arab event is the declaration of a merger union between Syria and the Libyan jamahiriya. It is true that the ordinary citizen wonders about the Palestine revolution's position on this union.

/Answer/ The climate of the Syrian-Libyan union brings us back to the climate of the fifties. However, as much as we are happy and support, back and bless this union, to that extent also do we fear for it, from a position of solicitude.

Fear for the union arises from a glance at its importance. The linkup between Damascus in the Arab east and Libya in the Arab west is not a simple matter which hostile forces are standing and watching.

Then I say that our Arab masses are not able to endure a new setback in the context of this nation's historic goal. Therefore, just as we say that it is not permissible for the Palestinian resistance to be defeated, so do we say that it is not permissible for this union to fail, whatever the reasons might be.

I say also that it is necessary for the Palestinian resistance to take its stand on this union and it is necessary that at its core it not take the form of statements and "dazzling displays" but take a true combative form and serious revolutionary solidarity.

This solidarity will make all the Arab nation and the Arab masses join this union, which is to be considered a ray of hope for them and is to be considered a great historic achievement.

Israel's Threats

/Question/ Fear for the union, in the light of Israeli statements and movements, causes us to wonder about the possibility that an Israeli military blow might be directed against Syria and the Palestinian resistance.

/Answer/ If what is meant is an Israeli aggression against Syria, or a Sadatist aggression against Libya, I can say that these aggressions will strengthen the union and will move the two countries toward further solidarity.

However, the source of fear for the union is domestic enemies, not foreign ones. An attack by the foreign enemies will give the union its value and will give it its strength.

The Lebanese Explosions

/Question/ There is talk about domestic explosions in Lebanon, in addition to anticipated aggressions against the south. To what extent can one consider this talk valid?

/Answer/ The talk about explosions is not new. We spent the last year in an atmosphere of explosions, and talk about explosions; in reality the gravity of the anticipated explosions started to assume real dimensions after the 7 July operation in the eastern section.

This operation united Israel's agents and consequently united Israel's schemes. In my opinion, this operation constituted the start of the rallying of forces under the command of a single decisionmaker linked with Israel.

There are people who say that this operation was linked with a more distant framework, that is, the United States, but in this regard I believe that the Phalange Party and Israel are playing their own game this time, in the sense that there was no current American agreement, although the scheme basically was drawn up by the American administration in 1975 at the time of Kissinger and that administration is still carrying it out in stages.

Therefore Bashir al-Jumayyil resorted to this operation to gather power in his hands. The recent clashes in al-Hadath between the Phalange militia and the army, in addition to two previous attempts to assassinate Sarkis, even managed to prove his intentions to the legitimate authorities.

Anyone reading Bashir al-Jumayyil's statements in the wake of the Ba'abda clashes will fully confirm his intentions and his party's intentions toward the legitimate authorities in whose name they have immersed Lebanon in a cauldron of death and destruction over the past 5 years. If Rashid Karami or other Islamic leaders had made these statements, the world would have risen up in arms and stayed up.

What gives Bashir al-Jumayyil's statements regarding the army a dangerous dimension is the fact that because of specific circumstances he is able to penetrate the army and is able to do what he wants in its ranks.

In the light of what the Phalange Party has done and has been doing since the 13 April events, proceeding from the Ihdin massacre, to the 7 July operation and the latest skirmishes with the army, I believe that the Phalange is carrying out a plan which aims not just at dominating the area but also encompasses all of Lebanon.

The talk about liberating Lebanon from what is called the Palestinian and Syrian occupation is the index of the coming drift toward an explosion.

Here we must observe that when it talks about settlement, adopts a viewpoint based on the lack of a likelihood that the Phalange Party solution will be created to the Middle East crisis. Therefore it says "We will accept the Palestinians in Lebanon, but without arms."

Thus it is clear that the Phalange Party is carrying out an Israeli scheme aimed at stripping the Palestinian people of their arms and consequently at imposing settlement on them by force.

Therefore we appeal to those who are talking about settlement to cast a real glance at the scheme the Phalange Party is carrying out in coordination with Israel, aimed at settling the Palestinians in Lebanon after the liquidation of their revolution (which is their instrument for returning to their homeland) and after their arms have been snatched from their hands.

One must observe that the Israelis, and the Americans also, are now talking about the need to settle the Palestinians in Jordan. In reality they mean Lebanon, because the Palestinians in Jordan have been considered Jordanian citizens, especially since they were stripped of their weapons following the September events.

Therefore the conspiracy the Phalange Party is now carrying out is to continue fighting the resistance under the slogan of stripping it of weapons, in preparation for applying the settlement in practice.

The Palestinian resistance has declared, and I declare now, that implementation of settlement will in practice begin the moment the rifles fall from the hands of the Palestinian fighting men, because these rifles are what are fighting settlement.

It appears in the light of all that is going on that the scheme requires the fabrication of clashes with the resistance in Beirut while Israel moves from the south, so that together they may comprise a pincers, strangling the Palestinian resistance and stripping it of its arms, after which the settlement will occur.

On this occasion I would like to say a word, which is that the Phalange Party, which has committed massacres to impose its dominance over the area, consists of the sons of the cream of the Maronite families and will never hesitate at any moment when anyone who just thinks of standing up to its hegemony extends his hands to other areas.

At some stages it has deluded some Islamic leaders into thinking that the Palestinians constitute a burden to them, thereby exploiting some of our excesses to win these people over by the slogans of liberation they raise.

I stress that those who have dared to strike against Sulayman Franjiyah and Camille Chamoun will never hesitate to belittle any Lebanese personality, whatever his religious position, and his social leadership.

The Phalange Party is the party of a person with a fascist platform who inherited it when it was an athletic team and continued to strengthen it until it became an armed force aspiring to dominate all of Lebanon and to see no one on this land but itself.

Again, I give as testimony to what I say what happened to Camille Chamoun at the hands of the Phalange, although he is trying to rid himself of

Bashir al-Jumayyil's grip by attacking the Palestinians and the Palestine revolution.

Bashir al-Jumayyil "shone" at the game of chess, and it appears that Israeli intelligence found in him the person who could be driven by his ambitions to implement all its plans.

Concerns about the Transgressions

/Question/ There is an issue which has kept coming up over the past years: the security issue. The Lebanese citizen is suffering from these conditions and sometimes expresses his concern through stands against the resistance. The question is, why isn't a solution found to this issue, which is considered the basic concern that deprives citizens of their sleep?

/Answer/ If we start with the security issue when the Arab deterrent forces came into Lebanon, we will find that the agreement called on these forces to assume the responsibility for security in all areas, or at least in our areas.

What happened was that after the Bayt-al-Din conference- and all of us know the nature of its resolutions and the positions of the parties to these resolutions- the deterrent forces started to relinquish security responsibilities on behalf of the Lebanese authorities, in accordance with their desires.

The deterrent forces' patrols at the beginning acted in participation with the Lebanese security forces, backing them up and enabling them to impose their dominance. Here I must point out that we in the national movement and the resistance refused to take part in controlling security outside our areas, on grounds that this was the task of the deterrent forces which are the legitimate Lebanese forces.

The fact is that one cannot parcel out security responsibilities, because this kind of parcelling out will lead to instability as a result, since each party will throw the responsibility on the other party.

Once again I point out that security responsibility lies on the shoulders of the deterrent forces and the shoulders of the Lebanese security forces. This is our opinion in the resistance and the national movement.

I wonder why the Lebanese security forces do not exercise their responsibilities, although we in the resistance and the national movement would welcome this sort of conduct.

This year we have held a series of meetings devoted to security matters, in the light of a broadening scope of complaints about thefts, aggressions and the imposition of detention. We agreed to the formation of a security committee, and this committee managed to get in movement, if only in a limited manner, at the beginning, but its activity soon was paralyzed after

it had come to a standstill, impotently, in the face of the question of what entities ought to have been arrested, especially as far as the Lebanese are concerned.

The national movement has insisted on the fact that the deterrent forces and the Lebanese security forces are the body in charge of this matter. Therefore, contact was made with the Lebanese authorities and the deterrent forces to discuss the matter, but, in spite of that, things remain as they are.

Here I would like to mention that the felons and crooks in the western section number no more than 140. We can arrest them in 48 hours and rid the people of their evil. However, the problem is that these people are mixed--some are Lebanese, some are Palestinian, and the majority of them do not live in the Palestinian camps, which prevents us from taking a decision to arrest and impose the punishments on them they deserve.

We got in touch with the deterrent forces and agreement was reached with them on arresting them, but this agreement has not been carried out yet, and the situation remains as it is.

Therefore I repeat what I said before, which is that the deterrent forces and the Lebanese security forces are the ones that bear the responsibility and therefore we must cooperate with them and offer them information on people who seek defense and protection from given organizations for bodies.

For the sake of the citizens, we must also hide displays of weapons and close down some offices. However, these issues will remain partial and limited in their results unless a radical treatment is made in cooperation among the three parties--the resistance and national movement, the Lebanese authorities, and the Arab deterrent forces.

We recognize the gravity of the responsibility for security conditions and we are therefore continuing the effort to deal with this problem. Here I should not miss the chance to mention that we reached agreement with Dr al-Husse to set aside a prison in Beirut so that these criminals and felons may be rounded up and put in it, to be released only after their punishment period has ended. This is the opposite of what happened in the past, when we would imprison someone committing a violation and hand him over to the Lebanese authorities, then be surprised the next day to see that he was free and out on his own.

Support for the South

[Question] The security issue in the south goes beyond the issue of violations and brings up the matter of support and confrontation. Here also Lebanese citizens complain bitterly. How do you envision dealing with this issue?

/Answer/ As far as the south goes, and the fact that Lebanese citizens are continuing to endure suffering by being alone in confronting the enemy, without any support or backing, I hold the Arab countries without exception responsible for this.

The Arab countries are withholding support and backing from the people in the south, on the pretext that there are no authorities to receive support money. We say that this pretext is unacceptable and unjustified, because the Lebanese authorities are present. Let these monies flow to them if the Arab countries concerned do not trust other bodies.

Lebanese citizens in the south are supposed to feel that a hand is extending them support, so that their perseverance may be strengthened and their will to confront the enemy may be strengthened.

This is as far as support goes, but as regards the security situation in the south, we in the resistance consider that the solution to this matter must come about through coordination and cooperation with the Lebanese authorities. The Lebanese authorities must open their hearts to us and we must open our hearts to them so that a solution may be found for all the problems facing them and the citizens.

On this occasion I must give thanks to Dr Salim al-Huss, who, through his sincere Lebanese nationalism and his clear national commitment, has managed to create bridges of trust between the resistance and the Lebanese authorities and has managed to implant the beginning of a cooperation based on equality and mutual understanding which we hope will continue and develop.

Here I state that the time has come to carry out a peaceful dialogue in which all forces will participate to create a formula for coexistence which will enable the citizen to be free of the things he faces every day in his life and aggressions against his property.

/Question/ By this approach do you mean the Lebanese authorities?

/Answer/ Yes, the Lebanese authorities. Lebanese authorities which forswear the influence of gangs connected with Israel. These gangs on whom the authorities' decisions sometimes appear to depend.

/Question/ A few days ago a conflict arose between you and the Lebanese authorities, since the Foreign Ministry considered the invitation 'Arafat sent to the Joint Arab Defense Council to be tantamount to a violation of their powers, and they issued a statement in this regard.

/Answer/ The reason for this, as I said, was the lack of dialogue and coordination. If there had been coordination and dialogue, these types of problems would not have occurred.

Regarding the episode you mentioned, what I would like to point out is that our brother Abu 'Ammar's invitation absolutely does not conflict with the powers of the authorities. The Palestinian forces in the south are exposed to the process of being ground down and are exposed to extermination attempts. Therefore 'Arafat has the right to invite the Arabs to bear their responsibility toward what is going on in the south.

More than that, doesn't any Arab country that belongs to the Arab League have the right to call the Arab Defense Council to meet over southern Lebanon?

What is going on in the south is a responsibility borne by all the Arabs, and when Abu 'Ammar calls on the Arabs to bear their responsibility, he is not detracting from the powers or the sovereignty of the Lebanese authorities.

Then why doesn't Fu'ad Butrus take the initiative to call for such a meeting, so that 'Arafat can come and the Liberation Organization can come and strengthen and back up the Lebanese invitation?

/Question/ Is there any specific initiative regarding the subject of coordination with the Lebanese authorities?

/Answer/ There is no specific initiative. However, I call for coordination because of its importance and necessity.

The Tripoli Events

/Question/ There are ambiguous circumstances surrounding the recent events in Tripoli. Would it be possible to shed some light on these events, in view of the measures which have been taken?

/Answer/ When I spoke of the need for security coordination between us, the authorities and the deterrent forces, I meant that if this kind of coordination had occurred we would not have suffered from what happened in Tripoli and elsewhere.

As regards what happened in Tripoli, it appeared that people outside the law gathered to commit a political act of a security nature in order to strike out at Syrian-Palestinian relations and stir up factional grudges.

I should not miss the opportunity to mention that some Lebanese official agencies played a bad role in this type of atmosphere.

The Tripoli events began with the imposition of forcible detention, the robbery of citizens and aggressions against their property; then they escalated, assuming a political character which assumed the nature of factional grudges, leading to acts of capricious slaughter and aggressions against innocent people, without justification.

Col Muhammad Chanin and our brother Abu al-Hawl were able, in their missions, to eliminate the consequences of this fabricated discord but they were not able to eliminate the causes of it; this may result in a resumption of these incidents at any moment.

Therefore we must continue to coordinate and deal with this discord in order to pull it out by its roots and put an end to it.

I believe that as far as the resistance, the national movement and the deterrent forces go, the fact that the higher command was absent from Tripoli is one of the reasons why it was possible for the discord to develop on its own and enabled the gangs to give their conduct a political character.

I believe that if the higher command were present in the north, alongside Rashid Karami and other national leaders, these security shocks would not have occurred.

[Question] Through the latest skirmishes in al-Ghaziya, the nightmare of the southern suburbs has returned again, again stirring up talk about relations between the Palestine resistance and the Amal movement.

[Answer] When Imam al-Sadr raised the slogan "arms are the clothing of man," his goal was to fight the Zionist enemy, defend the south, stand alongside the resistance and support and back it.

Anyone reviewing Amal's premises will find no narrow factional Shiite demands among them. Amal's premises have all been national and domestic demands concerning all the Lebanese people and all the Arab people.

However, what truly cuts one's spirit is that after the disappearance of Imam al-Sadr, some leaders started trying to divert Amal from its national course and its patriotic platform. Some people tried to fabricate contradictions between it and the Palestine resistance. However, for the sake of the truth and fairness, one must point out that the higher command has made maximum efforts to prevent these attempts from succeeding.

I can point out that I met with some medium-level leaders in the Amal movement about 4 months ago and some of them asked me questions which were far removed from the nature of interaction between friendly forces, such as "Do you pray or not?" "Why isn't the Palestinian revolution an Islamic revolution?" and "What are your relations with Libya? with Iraq?"

I believe that people who know the true nature of the Palestinian revolution must not ask it this kind of question, because they at least know that one-quarter of our Palestinian people are Christians.

Once again, I say that this kind of question is a departure from the field of well known fraternal interaction between the Palestinian revolution and the Amal movement.

In any case, new commanders were recently elected to the Amal movement and although I have not met my brother Nabil Barri for a number of years I know him from before as a patriotic person who holds progressive national positions.

What bodes well, now that the new commanders have assumed the keys of matters in Amal, is that the skirmishes have stopped and the situation has started to return to the way it was before, as far as relations with the Palestine resistance go.

However, we must be sure that not everyone who is hostile to the national movement and the Palestine resistance must of necessity be a member of the Amal movement and that the motive for entering Amal must not be enmity toward the Palestinians and the national movement.

I believe that personnel of this sort are deliberately infiltrated into the Amal movement; the higher command in the Amal movement must be aware of them and rid the movement of their problems and evils.

I can bluntly state that some Lebanese official security agencies and some Arab intelligence bureaus are trying to pervert the Amal movement and create misunderstandings between it and the Palestine resistance and the Lebanese national movement.

However, this must not mean that everyone in the Amal movement is suspect.

Amal is full of chaste, sincere, fighting staffs. The small number of people with tendentious ends makes the possibility of getting rid of them easy--very easy for sincere fighting leaders.

The Phalange and the Bologna Explosion

Abu Iyad mentioned that the Palestinian resistance has evidence and documents confirming that the Phalange was involved in the explosion which took place on trains in the Bologna station in Italy, resulting in the death of about 80 people, in addition to the wounded and serious material losses.

The Palestinian leader stressed that the resistance's information confirms the existence of camps in the eastern district training fascist party groups from Western Europe and some other countries, in addition to sections for training groups of forces committing sabotage against some Arab countries.

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KUWAIT, TUNISIA/ SET UP JOINT DEVELOPMENT BANK

Paris AL MUSTAQBAL in Arabic 6 Sep 80 pp 34, 35

/Article: "Plan To Establish a Tunisian Kuwaiti Bank To Develop the Tunisian Economy"/

/Text/ On the sidelines of the meetings of the Arab Economic Ministerial Committee held in Tunisia to follow up on preparations for the anticipated Arab economic summit in Jordan, the Kuwaiti minister of finance, 'Abd-al-Rahman Salim al-'Atiqi, made a statement after he came out of a special meeting with the Tunisian president, Habib Bourguiba, in which he pointed out that the focus of the meeting with the Tunisian was "a review of the existing good relations between the two countries, especially in the sphere of economic cooperation, which we hope will develop and flourish to the benefit of Tunisia, Kuwait and the Arab countries."

It was possible to consider this statement a kind of acceptable flattery by the minister on his emergence from the meeting with the president of a country which has no dispute with his country. However, people observing the development of Kuwaiti investment policy in general, and those who have been following its investment policy programs carried out in Arab countries in general and Tunisia in particular, consider that these flattering statements reflect the vivid reality of investment relations between Kuwaiti and Tunisia, and prove the positive developments with which these relations are proceeding--relations which might in the foreseeable future witness growth and expansion either as part of previous trends in investment relations between the two countries or as part of new trends which will be crystallized in new projects and institutions in the process of preparation or study.

The fact is that al-'Atiqi has expressed all this in other statements which he made prior to his departure from Tunis in the wake of the conclusion of the Arab ministerial committee meetings.

On the one hand, al-'Atiqi expressed "great satisfaction over the course of bilateral economic and investment cooperation between Tunisia and Kuwait," pointing out that "the success of this cooperation may be

attributed to a number of factors, among them the good results that have been attained so far and the success of the projects that have been carried out in its context."

On the other hand, al-'Atiqi expressed his hopes for broad horizons for this cooperation, referring to a new step which will follow the ones that have taken place so far, by broadening the scope of cooperation between the two countries, especially by establishing a Tunisian-Kuwaiti development bank.

Nothing in this statement goes beyond the facts. It is supported by the actual steps which have been taken in the sphere of investment cooperation between Kuwait and Tunisia, and its expansion in the future is in accord with one of the basic rules of Kuwaiti investment policy in the Arab countries. These are the details:

So far one can state that investment cooperation between Kuwait and Tunisia, within the context of the Tunisian economy, has taken place within four frameworks, which are independent and integrated, each involving a number of various projects, although their common denominator is the fact that they are a group of tourist projects, including real estate projects with a tourist character and tourist objectives.

Relying on the official data available on these projects, one can present them as follows:

The first framework, within the Tunisian-Kuwaiti Development Group. This group was established with a capital of 20 million Tunisian dinars (about US\$55 million), 60 percent belonging to Kuwait, whose share is broken down among the Ministry of Finance (49 percent), the Kuwaiti Real Estate Investment Group (6 percent), and the Social Insurance Fund (5 percent), while the remaining 40 percent is distributed among the Tunisian government and other Tunisian banking and financial institutions.

Although the bylaws of the group stipulate that in the first stage just half the value of the shares each side owns be drawn up, Tunisia so far has paid only 1,419.75 Tunisian dinars of what it owes for its shares (that is, less than 40 percent, for which the sum due totals 4 million dinars). Kuwait has paid everything it owes, 6 million Tunisian dinars. This Kuwaiti position has been one of the causes contributing to stimulating the activities of the group, which was stipulated to have an investment budget of 46.5 million Tunisian dinars (more than \$127 million), including loans of about 27 million dinars and capital of about 18.5 million dinars, provided that the investment budget be managed in a manner which will give implementation priority to the six following projects:

1. The Andalus homes project, consisting (in the first phase) of hotel apartments with a capacity of 140 beds, to rise in the second stage to

240 beds, in addition to 32 villas, five of which are to be built to test the market.

Costs of this project, which covers a territory of 19 hectares, are estimated at 8.25 million Tunisian dinars. Construction of it started in July 1978 and it is expected that it will be delivered in full in the last month of this year, 1980, that is, without a delay beyond the specified date.

2. The al-Najmah Tourist Complex project, established on territory estimated at 2 hectares in area in a spot of the town of Sousse looking out over the sea, which also consists of tourist apartments with a capacity of 213 beds and a commercial and recreation center containing all the facilities and services a tourist project requires. The costs of the project have been estimated at 4.5 million dinars; it is expected that this will rise following the issuance of agreement by Tunisian authorities to the addition of new apartments with a capacity of 100 beds. So far work on the first part of the project has been finished, and it is expected that it will be wholly completed at the end of the current year. One should realize that construction started in July 1978 also. Construction of some new apartments might be delayed until the second month of 1981.

3. The Abu Nuwas project, consisting of a scheme to improve and develop the hotel known by that name, which is located in the suburb of Qamart.

The improvement is aimed at raising the level of the hotel to four-star status while it is expanded to accommodate 200 beds with hotel apartments accommodating 234 beds over an area of 40,000 square meters at a total cost of 5 million Tunisian dinars (about \$14 million). Work on construction of the project started in the first month of 1980 and it is expected that it will be completed before the start of summer 1981.

4. The al-Mashtal Complex project, which might be considered the most important tourist investment project in which Kuwaiti capital is participating in Tunisia.

This project, situated in an area overlooking the Belvedere Gardens in the Tunisian capital, consists of a three-star hotel with a lodging capacity of 800 rooms with hotel apartments accommodating 246 beds, in addition to 1,000 square meters for a company office building, a commercial and sports complex, and halls for movies, meetings and receptions.

The importance of this project also lies in its large costs; its total budget has been estimated at about 11 million Tunisian dinars (more than \$30 million). Work is now underway to assign an architectural consulting firm to perform design work, supervision and engineering studies on the project and set out a detailed specific implementation schedule.

5. The Tunis Palace Hotel project, lying in the heart of the capital, Tunis, covering an area of 2,000 square meters. The project consists of renovation and repair on the existing hotel by that name so that it will accommodate 380 beds while retaining its rating at the three-star level. A technical and financial study at estimated costs of 3.34 million dinars has been prepared for it. It is expected that the development plan will be received from the consulting firm assigned to do it at the latter part of this year, provided that construction on it start in the first half of 1981.

6. The Qamart Hotel project, whose goal is to develop this hotel and raise its level to a four-star class with a lodging capacity of 300 beds, with bungalows with a capacity of 100 beds, gaming halls, a marine club, a recreation and sports center, and the services and facilities necessary for a first class hotel. The bodies concerned with the project have made big strides in studying the bids they have received from consulting firms to study the project and to program construction of it, as well as the bids they have received from hotel management companies to run and manage the hotel.

The second framework in which investment cooperation between Tunisia and Kuwait takes place is the Real Estate and Tourist Financial Company, known in short by the name KUNAT.

The company's capital has been fixed at 7 million Tunisian dinars (a little less than \$20 million). It specializes in financing commercial real estate tourist projects in Tunisia. The company has actually taken part in financing a number of projects which enter into the context of its concern and area of specialization.

The third framework does not differ from the previous two but is confined to the el-Mahdia Tourist Development Company, which is now active in the first stage of a project calling for construction of a three-star hotel with a lodging capacity of 500 beds and hotel apartments accommodating 200 beds and supplementary recreational and sporting facilities, in addition to a commercial center for the project annexed to it. A start has been made on setting out an economic feasibility study for the project and the financial study bearing on it.

There remains the fourth framework, which consists of the el-Tewfiq Sanatorium being constructed over an area of 24,000 square meters. This consists of 20,586 square meters of seven-storey buildings containing 116 beds set aside to provide advanced, progressive medical treatment in the Tunisian capital, thus saving a large portion of the numerous funds Tunisians spend for treatment outside the country.

The sanatorium has actually entered the practical operating stage following the celebration of its inauguration in December 1979, after it had

been provided with modern management and advanced treatment facilities, including radiation treatment.

The capital of the company which owns and operates the project has been set at 2.5 million Tunisian dinars, of which Kuwait has contributed 20 percent (500,000 Tunisian dinars) through the Kuwait Unified Real Estate Investment Group, in exchange for a further 20 percent from Shaykh Salih Kamil (a Saudi businessman), 30 percent from the Islamic Development Bank in Jiddah, and 30 percent distributed among Tunisian banks, insurance companies, and private and government firms and Tunisian individuals as well.

It is clear from the preceding review that some of these projects have actually entered the stage of commercial operation and that some of them are on the verge of being completed, preparatory to operation, while others are still in the process of being outfitted, prepared or even subjected to preliminary study. Therefore it might be difficult now to judge the degree of productivity of these projects in full although that has not prevented Min al-'Atiqi from ruling that they are successful from a number of angles coinciding with the announced and implicit rules of Kuwaiti investment policy:

The first angle: this is the general legal and legislative framework in which these projects lie. It is a framework of joint cooperation, joint participation and joint ownership of investment projects. While Tunisia needs financing for its investment projects and economic sectors, Kuwait needs to invest its money in projects with a reasonable advanced yield which will reduce its reliance on oil resources and help it to endure depletion of oil in the future. There is a great deal of equitability and justice in commitment to this rule to the point where it makes these projects mutually beneficial, now and in the future, to both parties, who cooperate and participate in carrying them out on behalf of economic and social development in the Arab world.

The second angle: this is the relative speed with which these projects are carried out. This may be ascribed to the general legislative framework of the Tunisian economy, which is founded on the liberal system, which attracts capital and offers it a suitable legal, human and executive context, especially in terms of transcending a large degree of the red tape and bureaucracy rampant in other economic systems which require Kuwaiti and non-Kuwaiti money but do not open suitable systemic or executive averages through which it can flow into their sectors.

The third angle: this is that all these projects are involved in the tourist sector or in the real estate sector supplementary to it; this sector is continuously prospering in Tunisia. Since these projects have the effect of increasing the degree and scope of Tunisia's capacity for increasing tourist activity in its territory, this state of affairs has the effect of assuring Kuwaiti investors that their money is being put into projects which can grow and develop with a good yield which may rise.

From this angle, Kuwaiti finance minister 'Abd-al-Rahman Salim al 'Atiqi's talk about the project to establish a Tunisian-Kuwaiti development bank becomes more than just an idea or a hope--it is a step capable of rapid implementation which will allow investment cooperation between Tunisia and Kuwait to make a quantum leap, moving it from the framework of the tourist sector to a broader one which might include the productive agricultural and industrial sectors which have already attracted various European organizations (refer to AL-MUSTAQBAL AL-IQTISADI, No 16, 14 August 1980, pages 6, 7). If Kuwaiti capital enters these fields, that will have the effect of realizing mutual benefits for Tunisia and Kuwait, by accelerating the growth rates of the productive sectors in the Tunisian economy and enlarging the fields for feasible permanent investment for Kuwaiti money.

11887

CSO: 4802

INTER-ARAB AFFAIRS

COMMITTEE FOR DEFENSE OF SYRIAN POLITICAL DETAINEES CABLES IRAQ

JN101456 Baghdad Voice of the Masses in Arabic 1200 GMT 10 Oct 80

[Text of cable sent to Iraqi President Saddam Husayn by the Committee for the Defense of the Political Detainees in Syria--date not given]

[Text] We, the Committee for the Defense of the Political Detainees in Syria, greet you and welcome your great move to regain and liberate our Arab nation's territories which have been usurped by the ancient and modern racist Persians, who have been blinded by rancor against our nation. We strongly condemn the stand taken by the regime of sectarian repression in Syria toward this move. The sectarian Syrian regime's cowardly stand has affirmed its connection with and allegiance to the racists, the imperialists and the Zionists.

Oh struggling President, this stand by the Syrian regime is hardly surprising, since it was this regime which sold the Golan Heights, approved the shedding of the blood of the freedom fighters in Tal al-Za'tar and spilled the blood of our strugglers in Syrian prisons. In the latest massacre in the history of Syria, the regime executed more than 1,000 political prisoners in Palmyra Prison. The regime shelled the great towns of Aleppo, Hamah and Dayr al-Zawr. The regime is currently launching a war of extermination against our young men in Syria. However, our great people will not condone these actions and will struggle until they have carried out their honorable duty of overthrowing the sanguinary regime and bringing Syria back to its pan-Arab line.

We send greetings and admiration from our strugglers and youth to you and to Iraq's Arab army, which is waging its battle of honor. May you remain, Mr President, the knight to lead our nation. We congratulate you on raising high the banner of liberation.

[Signed] Chairman of the Committee for the Defense of Political Prisoners in Syria

CSO: 4802

BRIEFS

IRAQI ORGANIZATION AT JORDAN-PLO TALKS--Persons returning from Jordan said yesterday that a representative of the "Iraqi Liberation Front," 'Abd al-Rahim Ahmad, is participating for the first time in the talks of the Joint Jordanian-PLO Committee, which are currently taking place in Amman. To date, only FATAH representatives have participated in this committee's discussions. The talks were boycotted by representatives of the PLO's Rejection Front, of which the Iraqi Liberation Front is a member. It now appears that with the tightening of relations between Iraq and Jordan, and the latter's participation in the war against Iran, Iraq has decided to dispatch a representative of this organization to the committee's discussions. [Unattributed report] [Text] [TA090726 Tel Aviv HA'ARETZ in Hebrew 9 Oct 80 p 2]

IRAQI MOVEMENT TELEGRAM TO AL-QADHDHAFI--Tripoli, 5 Oct (JANA)--Colonel al-Qadhdhafi received the following telegram from the Movement of the Iraqi People: Brother, Colonel al-Qadhdhafi, leader of the great Al Fateh revolution: Finally Saddam Husayn regime revealed through its conduct the contradictory nature of its slogans. At the time when he is raising the banner of liberating Palestine, he keeps his troops busy with a side fight, and mobilizes them for invading Iran, the enemy of imperialism and Zionism. As far as the Iraqi armed forces are concerned, they have no interest in fighting against Iran, but they have an interest in fighting against the Zionist enemy. The repressive Iraqi Government forces the army to wage its war through threats of death and imprisonment. It is your nationalist and humanitarian responsibility to take a firm stand in urging Iraq not to distract the Iraqi forces from the fight against their primary enemy which is (Israel), and to form a joint front with Iran against the front being forged by the Iraqi regime in the area. [Text] [LDO60001 Tripoli JANA in English 1644 GMT 5 Oct 80]

PALESTINIAN LEADER ON AMMAN TALKS--Amman--Khalil al-Wazir (Abu Jihad) has told AL-QABAS that his talks in Amman were successful and fruitful and that they gave new impetus to Jordanian-Palestinian relations. He said he and the Jordanian prime minister discussed measures that have been completed so far in supporting the steadfastness of the occupied territories and also Israeli threats to prevent the entry of steadfastness funds to the West Bank and the Gaza Strip. Abu Jihad said that he discussed with the commander of the Jordanian armed forces, Sharif Zayd ibn Shakir, plans to develop the Palestine Liberation Army (PLA) in Jordan and turn it into a brigade. He said that the Jordanian Government has accepted the transfer of 200 Palestinian soldiers who are Jordanian citizens to the PLA, as well as the transfer of 1,000 Jordanian Palestinians on the completion of their military service. [Text] [GF071410 Kuwait AL-QABAS in Arabic 6 Oct 80 p 1]

BRIEFS

MAURITANIA DEPENDING ON ALGERIA--Lt Col Ould Haidallah, Mauritanian chief of state, ended his 4-day visit to Algeria last Wednesday, 1 October. If they have disengaged themselves from their alliance with Morocco, into which President Ould Daddah had led them, the Nouakchott leaders state nevertheless that they do not want to fall under Algerian control. They maintain a prudent attitude and will refuse to recognize the SADR despite pressures exerted on them, especially by the POLISARIO who still have not freed all the Mauritanian prisoners they are holding. However, Mauritania is counting on Algerian cooperation to overcome its economic difficulties. [Text] [Paris LE MONDE in French 3 Oct 80 p 8] 9341

CSO: 4400

LAWFUL WAYS FOR ISLAMIC BANKS TO MAKE PROFIT EXPLORED

Sharjah AL-KHALLJ (BANKS, INSURANCE, INVESTMENT SUPPLEMENT) in Arabic
22 Jul 80 p 13

[Article by Muhammad Badawi: "Means of Capital Investment by Islamic Banks"]

[Text] "Islamic" banks in the modern age got their start in the United Arab Emirates. The Dubai Islamic Bank was the pioneer among Islamic banks. Within a few years, this type of bank spread throughout the Arab world--to places such as Sudan, Jordan, Kuwait and Bahrain. In Egypt right now there are three Islamic banks. Also, one of the large banks in Egypt has set up a special branch for Islamic business transactions. It has also set up a special section in each of its branches for Islamic business transactions.

These moves by the banks are an implicit acknowledgement that they had been conducting their business in a way which is not in conformity with Islam.

In Europe, there is actually such a thing as an Islamic bank in Luxembourg. And in Pakistan, Iran and the Moslem countries of Asia, there is a continual effort to establish Islamic banks and to conduct banking transactions on a basis which is in conformity with the principles of Islamic law.

Every day, Islamic banks receive numerous letters from all parts of the world asking questions and requesting explanations about how Islamic banks operate. Islamic banks now are also continually invited to participate in the founding of new Islamic establishments.

Whoever has been following the growth of Islamic banks, can have no doubt that within a few years the entire world will be blanketed by an integral network of such banks.

For this reason, it is important that many studies be made. The experience of those who work in Islamic banks and the results of their unique and fortunate experiment should be published. Thus, all

Maulana would become familiar with how Islamic banks work, and would be convinced of the soundness of this method of doing business.

In this regard, I wish to share with the readers what I know, from my actual experience as comptroller in the Dubai Islamic Bank, concerning some of the investment methods utilized by Islamic banks.

Usurious banks (that is, banks that charge and pay interest) utilize methods of investment and ways of collecting revenues which are different from methods that are followed by Islamic banks. The reason for this is that Islam forbids usury.

Interest-Paying Loans

The great majority of investments made by usurious banks are in the form of loans where money is loaned in return for interest payments.

Since the loan consists of a fixed sum of money and obligates the borrower to return it on the date agreed upon, in addition to obligating him to pay the interest agreed upon, it provides the bank with an easy way to invest money.

The reason it is easy is that the bank can simply calculate the profits it will get from the loan, at any time. All the bank has to be concerned about is the reputation of the client and his ability to pay back the loan. The bank is not concerned about whether or not the client has or has not gained any benefit from the loan.

In most cases, the loans are of the following types:

1. A fixed sum of money which is paid to the client or put at his disposal in return for his commitment to pay the loan back on a certain date. The client commits himself to pay back the full amount, together with interest, on a particular date.
2. Loan credit--an arrangement under which the bank agrees to put at the disposal of the client a sum of money which is agreed upon, and which the client can use whenever he needs it. In such a case, the loan usually takes the form of a current account.

The client commits himself to pay back the amount of money which he has taken out on credit. On top of this, he must pay interest on the sum of money he has used at a rate agreed upon for the period of the loan.

3. Discounting a commercial paper which matures after a certain time period. The person submitting the commercial paper transfers to the bank all rights related thereto, with a guarantee that it will be paid

at maturity. The bank pays the client the value of the commercial paper, with an amount discounted from it equal to the interest payment it would normally receive for the time period beginning with the date of the discount and ending with the maturity date of the commercial paper.

In the three types of loans shown above, it is easy, as we have pointed out, for the bank to calculate the interest due on loans at the end of every month. Consequently, the bank can know what profits it will be getting. The profits basically consist of the difference in the interest which the bank pays or will pay, and the interest which the bank collects or will collect. Thus a usurious bank can secure its financial position over short periods of time, and can always be aware of the extent of the profits it is making.

Partners in Profits

As for Islamic banks, numerous thinkers and authorities on religion have consulted Islamic legal books and traditional sources in search of a basis which Islamic banks can use to conduct their investment of capital operations. Some of this research has resulted in the appearance of a new word in the investment terminology of our modern age. The word is "mudarabah" [silent partnership].

Silent partnership is defined as follows: An owner of capital gives it to someone who uses it. In return, the lender receives a portion of the profits at a rate established on the basis of an estimated part of the profits.

One of the conditions of silent partnership is that it is not proper to distribute profits before the capital is returned. Thus, if profit is distributed, and the borrower dies, the lender is regarded as having received part of the capital. The lender would then have a claim equal to the outstanding balance of the loan.

Silent partnership can be either unrestricted or restricted, as determined by the owner of the capital in terms of where the business activity is to take place, the nature of the activity, etc.

According to this definition, a silent partnership contract is a known type of partnership contract and is governed and regulated by law. The sharing of partners in both profits and losses is considered to be one of the basic principles of a partnership contract. The law prohibits any form of the so-called lion's share. It may be stipulated that one partner should not share in the profits, that one partner should not share in the losses, that one partner should receive profits to the exclusion of others, or that a partner should receive a certain amount as profit whether the entity has profits or losses. All these are known as lion's share conditions, and are considered invalid. In addition, they invalidate the partnership contract itself.

There are two major categories of association:

1. Associations of capital, and
2. Associations of persons.

The most widespread types of associations of capital are joint-stock companies, limited partnerships and limited liability companies. The most widespread types of associations of persons are commercial companies of joint liability and simple partnerships.

In associations of persons (as well as in limited partnerships), it is permitted to have partners who only participate in the work of the company and do not own any part of its capital.

My opinion is that some of these types of associations represent favorable areas for capital investment by Islamic banks. Some of the most important types of associations which serve this purpose are:

1. Joint-stock companies.

A joint-stock company is defined as being a company which divides its capital into shares of equal value which can be bought and sold in the market. The company's shareholders are responsible for company obligations up to their share of the company's capital.

The existence of this type of company has led to the undertaking of numerous projects which individuals were not able to undertake in the past.

It is characteristic of the joint-stock company that its shares have an organized market-place in which stock prices are publicized and in which it is easy to buy and sell the stocks.

Stocks characteristically have a value which is not stable. Their value goes up or down according to the degree of progress or failure manifested by the company. Also, the price of the stock goes up when the buying power of the currency goes down (assuming that the conditions which affect the price of the stock are unchanged). This feature is not true of loans, but the real value of a loan would go down if the buying power of the currency goes down.

2. Limited partnerships.

A simple limited partnership is composed of one or more partners who are collectively responsible for all of the company's obligations, and they run the company. It includes one or more limited partners who are responsible for partnership obligations to the extent of the share they contribute to the partnership.

In view of the fact that a limited partner is responsible for the company's debts only to the extent of his share in the entity, and that he does not work for the partnership, this type of association is considered to be suitable for owners of capital who do not want to assume commercial risks. They give their money to whomever they consider to be worthy of their trust, and share in his commercial activities.

This type of partnership developed in Europe in the 12th century. The reason for its emergence was the fact that it does not involve usury, which was prohibited by the church.

Simple limited partnerships are considered to be a practical application of the idea of silent partnership. Its principles can be applied to financing operations which are undertaken by non-usurious banks. Tradesmen and small merchants, who want to expand their business activities, can participate in such partnerships.

It is possible to modify the simple limited partnership, so that a working partner commits himself in the contract to utilize part of his share of the profits to purchase a portion of the capital of the financing partner (the bank), until such time as the bank disassociates itself from the enterprises. Thus, the bank will have sufficient liquidity and potential to finance other enterprises.

There is no doubt that when Islamic banks choose to invest part of their available capital in the purchase of stocks of successful stock companies, and thus earn profits from them (by selling the stocks or cashing in their coupons), they engage in one form of successful investment. Usurious banks quite often engage in this type of profit-making activity.

Likewise, when Islamic banks share in financing projects undertaken by merchants or tradesmen associated in simple limited partnerships, they engage in a type of investment which will benefit not only the banks, but society as a whole.

However, these types of investment should not absorb all of the capital of a bank or of its depositors. If they do, Islamic banks would not retain sufficient liquidity to repay short-term deposits, or finance many needs of the bank's clients.

There is no doubt that there are several ways through which Islamic banks can engage in financing the needs of their clients. Here are some of these ways:

1. Selling on credit or through installment plans.

One means of investment which Islamic banks have resorted to is financing the purchase of durable goods, be it for production purposes or for

consumption. The bank purchases the goods in cash, and then sells these same goods to the client for deferred payments. Usury is totally absent from this type of transaction, since the bank has exchanged cash for goods, and then sold the goods for cash. The difference in the amount of money which the bank pays for the goods, and the amount of money it receives when it sells the goods to the client, represents the bank's profit.

Nevertheless, it is my opinion that when a bank itself undertakes to purchase and sell goods, it departs from its normal realm of activity. Islamic banks can share in the formation and financing of specialized companies which undertake transactions such as these. A bank can undertake to collect installment payments due to be paid in connection with a purchase, and can do so in behalf of a commercial company in return for a commission.

If a bank is compelled to undertake purchase and resale transactions, it would be appropriate for the bank to set up a special independent department for them, and to totally separate this activity from other normal accounts.

2. Participation in limited operations.

An existing enterprise might need a certain amount of cash which it is unable to provide from its own resources. It might need this to carry out one or more operations that have been entrusted to it. It would not be a matter of increasing the enterprise's basic capital, because there is no guarantee that the enterprise, in the future, will continue to be entrusted with such operations.

It is possible for Islamic banks to finance activities such as these. The bank could provide money to the enterprise on condition that the bank would share in the profits resulting from the operation. The enterprise would pledge to deposit the revenues resulting from its activities in its account in the bank. When the operation is completed, the client could present to the bank his accounting statement concerning the operation. In accordance with this accounting statement, the profits or losses of the operation would be divided up.

One of the most important things which should be taken into consideration in determining the bank's percentage of the profits, is that this percentage should not be excessively high. Although the bank does contribute its capital, it is the enterprise which has to carry out the operation and which must put into the operation what it possesses in terms of effort, know-how and material resources. One thing that could be done is to be guided by the accounting statements of previous operations, carried out by this same client, which were financed by usurious banks.

3. Participation in financing.

Perhaps a particular enterprise does not have sufficient cash liquidity. This might be the result of having too much inventory on hand, or because some of the clients of the enterprise have not met their payment obligations on time. Or it might be because the enterprise needs to finance maintenance work or has to renovate its machinery. Or it could be for any number of other reasons which crop up and which cause the enterprise to need money to meet its payment obligations. The enterprise might feel that its needs for money will not be a continuous thing, and that it does not require an increase in basic capital.

Islamic banks could offer money to an enterprise such as this by means of sharing in profits and losses. This could take place on the basis of following principles:

a. An agreement is concluded between the bank and the client to distribute profits and losses according to the ratio of contributed capital (company's capital + capital reserves + retained earnings of prior years) over capital furnished by the bank. The company could be given a greater share of the profits. This is because the enterprise achieves its profits not only as a result of capital used, but also as a result of factors such as its know-how and other material factors which are difficult to evaluate. Furthermore, the enterprise is obligated to return the bank's money when it has sufficient cash to do so.

The enterprise could receive money from the bank in installments. In such a case, it is possible to evaluate both the capital contributions of the company and of the bank on the basis of the number of days during which their capital was invested. The financing could be provided through a current credit account. In this case, the capital furnished by the bank could be calculated by means of the well-known (digits) method. The entitlements of the two parties could be computed by multiplying the value of their capital contributions by the number of days in the time period involved.

The above has been a quick sketch of the most important ways Islamic banks have of making investments. It would be useful if various Islamic banks would publish information about their experience, hold symposiums, and present lectures at close time intervals so as to promote an exchange of practical experience which would be of benefit to everyone.

9468

CSO: 4802

OPERATIONS OF ISLAMIC INVESTMENT COMPANY DISCUSSED

Sharjah AL-KHALIJ (BANKS, INSURANCE, INVESTMENT SUPPLEMENT) in Arabic
22 Jul 80 pp 9, 25

[Article: "How Are Islamic Investments Different From Other Investments?"]

[Text] Commerce and Partnership Instead of Fixed Interest.

Ten Percent Profit the First Year After Deducting the Zakat [religious tax].

Islamic Insurance Has Become a Reality.

Prohibition of Deduction of Zakat From Profits To Put an End to Attacks by Skeptics.

Since people have for so long been used to the Western concept of banking transactions and investments, they might think that there is no alternative to this system of conducting business. But statistics show that only 4 percent of the world's Arab Moslems conduct transactions with banks. This is in contrast to, for example, 80 percent of the people in the United States. The reason for this is obvious. It is the fact that the banks use the system of paying and charging interest.

In the past, there were several attempts to devise practical means of applying the spirit of Islamic law in economics. Some of these attempts failed, and others simply camouflaged themselves by calling interest payments a "commission" or "service fee."

In 1978 a group of Arab businessmen in the Gulf area set up an investment firm which, they believe, overcame all of the obstacles which frustrated previous such attempts. They set up the Gulf Islamic Investment Company. Its headquarters is in Sharjah, and its honorary president is Shaykh Sultan Ibn Muhammad al-Qasimi, the ruler of Sharjah. Quite a few of the heads of state of the region's countries have contributed toward the establishment of this company.

Profits Permissible for Moslems

Dr Hasan 'Abd al-Qadir, the director general of the company, says: "Our firm was set up to serve the average Moslem investor who does not want to do transactions which involve interest payments (something forbidden by God), and who has a surplus of capital and has neither the time nor the expertise to engage in investing it himself.

"The idea for such a firm arose from the necessity to provide Moslems with a permissible means by which they could earn profits in Saudi Arabia--a country which forbids interest payment transactions in its banks. The result was the formation of the Islamic Legal Supervisory Commission, whose members are some of the best economists from the entire Moslem world. During the last 5 years, they engaged in devising ideas and means which have guaranteed the realization of this goal. With the help of Dr Ibrahim Kamil's consultant firm in Egypt, they have developed all of the necessary regulations which are in conformity with the spirit of Islamic law."

Dr 'Abd al-Qadir went on to say: "At first the parent company, called the Islamic Investment Company, was set up in the Bahama Islands in the Caribbean Sea, in view of the tax exemptions provided by that country. This company utilized the efforts of scholars and researchers, and undertook pioneering experiments in all fields, to the point where statistics demonstrated that they had achieved complete success.

"Then the company established an 'operating company' called the Gulf Islamic Investment Company. Its headquarters is in Sharjah, and its initial capital was 3 million dirhams. After its establishment a year and a half ago, I can safely say that the company has been a 100-percent success.

"The company has withstood large-scale hostile attacks on the part of skeptics from all directions. It has continued to do its job quietly and with a determination which is indomitable. Figures show that the results of the first year of the company's operation were a success. The company was able to distribute net profits of 10 percent to its shareholders after the zakat was deducted. The company sold "silent partnership" shares amounting to \$7.5 million when subscriptions were first advertised in Qatar. In fact, the National Bank of Qatar was forced to call the police to disperse people who insisted on buying subscriptions in the company."

Commerce Permissible for Moslems

In an interview with Mr Ibrahim Mustafa, the company's sales manager, we asked him about how the company operates and about the types of investments which the company is now advertising in the market. He said:

"The principle of investment in the company is based on two types of legal agreements. The first type is a loan contract. The investor loans to the company a sum of money which he can spare. He loans the money free of charge, and for the service of his fellow-Moslems. The company commits itself to return this sum of money to him, with nothing added to, or subtracted from, the original amount. That is to say, the investor earns no profit when the loan is repaid at maturity.

"The second type of arrangement is that of 'silent partnership' contracts. Their basis is that of a partnership contract between the company (in its capacity as a body which possesses expertise and the necessary potential to engage in investing capital) and the investor (who is the silent partner). The company conducts transactions with the capital under conditions which are fixed in the silent partnership contract, depending on which particular type it is. The silent partner and the company have to accept whatever profits or losses God sees fit to bestow upon them.

"There are different types of silent partnership contracts. For this reason, for each type of silent partnership contract, a particular silent partnership company is formed. It is made known through a public ordinance which advertises subscription contracts. The company can then begin operating.

"The company engages in all types of commerce which are permissible according to Islamic law, and does so under the supervision of the Islamic Legal Commission and the auditors. It is aided by the most prominent Arab and international experts in the field of investment. In addition, the company utilizes the most modern methods and tools of operation which are used by the most prominent international investment companies.

"The company invests its capital in various commercial transactions. It buys and sells different types of minerals and crops, and sells them at a profit. It also deals in the acquisition of foreign currency to provide for its needs of hard currency when financing commercial operations. It does this so as not to be at the mercy of fluctuations in the currency market. Likewise, the company leases various types of heavy equipment and means of transportation to contracting companies and other companies. In fact, the company has already established a special branch which deals with such operations."

Types of Silent Partnerships

Mr Mustafa explained to us the different types of silent partnership which the company so far has advertised in the market. He said:

"The first and second types of silent partnership were silent partnership

contracts, each of which involved the amount of \$100 for periods of 1, 3 or 5 years. Sales connected with the first issue amounted to \$7.5 million. Sales connected with the second issue totaled about \$5 million. Profits are paid out annually.

"The third type of silent partnership was connected with life insurance. It involved the amount of \$20,000, to be paid during the course of 20 years, at a rate of \$1,000 per year. At the present time, this type of life insurance can only be taken out by married couples. But we are in the process of issuing special contracts for other categories of individuals. Later on this will even include children. Subscriptions became available starting in October 1979, and will be available until October 1981.

"The fourth type of silent partnership deals with current investments. Subscriptions to this type of partnership have been available since 1 January 1980. The minimum subscription is \$500. It is possible to add any additional amounts by means of contracts, each of which involve \$250. A partner may withdraw either all or part of his money whenever he wants to, on condition that he inform the company of his intention by the 20th of the month (Christian calendar). He will then be paid whatever he is entitled to in terms of profits which God has seen fit to bestow upon him. This payment will occur on the 5th of the following month. Subscriptions to this type of partnership totaled \$15 million by May of this year.

"The fifth type of silent partnership has to do with financial establishments, banks and companies, including personal companies. The minimum subscription is \$100,000, for a period of either 2 or 5 years. In the first instance, profits are distributed every month. In the second instance, they are distributed every 3 months. This type of investment provides tremendous advantages for investors. They have the right to withdraw their money within 72 hours. Also, they are able to obtain letters of credit for up to 4 times the value of their subscription, provided they report the type of goods they are purchasing and their financial situation. Likewise, it is also possible for the company to join the silent partner in commercial transactions which he is not able to finance by himself. All of this can be done because the company, in advance, has a complete and clear idea about the financial dealings of its subscriber. In addition, while the subscribed capital is invested, the subscriber can receive nine-tenths of its estimated profit.

"There are special silent partnerships available to governments. The company is thinking about entering, into average-term investments in guaranteed projects after the necessary studies have been prepared. Following, this will take place in the near future."

An Islamic Securities Market

We asked the director general about developments in the company's activities, about its impact on the financial markets, and about how the company publishes the results of its activities. He said: "An indication of our success is the fact that 90 percent of the subscribers in our first type of silent partnership have decided to participate in subsequent partnership arrangements. Also, the company has become a member of the Federation of Islamic Banks. Pakistan, Malaysia and Nigeria have extended permission to the company to open branches in those countries without their being subject to laws which are designed to regulate usurious interest.

"Furthermore, an Islamic securities market has arisen. The company used to issue its financial statements every 3 months but now it issues them every month. Soon it will issue them every week. Later on, God willing, it will issue them daily. When the company's financial situation is known every day like this, the financial papers can be reliably bought and sold.

"The Islamic Legal Supervisory Commission has recently decided not to deduct zakat from the profits. This decision was made to put an end to attacks by skeptics, and to apply the principle that Moslems may spend their profits as they see fit.

"As far as supervision goes, there is the Islamic Legal Supervisory Commission, the annual general assembly, the board of directors meeting twice every year, the investment commission created by the board of directors, and the financial supervisor who is commissioned by the general assembly, in addition to auditors from the best-known company in this field, namely, the (Price Waterhouse) Company.

"We are looking forward to the future with confidence with optimism and indomitable determination. Our guiding principle is our belief in God. This belief is bolstered by the success which we have achieved and continue to achieve every day.

"In conclusion, I would like to say that our experiment is a pioneering type of experiment. It is successfully moving forward, and has proven that there is, in fact, an alternative to engaging in Western-type banking and investment transactions. This alternative emanates from the true faith of Islam. However, non-Moslems are also permitted to participate in our partnership subscriptions, with the exception of those having to do with insurance."

9468

CSO: 4802

BRIEFS

ISLAMIC SEMINAR RECOMMENDATIONS--Mecca, 14 Oct (SPA)--The Ninth Islamic International Seminar has recommended that the Islamic Shari'ah must be applied and that it must be the basic source of all laws and regulations on which Muslim society is based. It has also recommended cooperation so as to liberate the Aqa Mosque (in Jerusalem), as well as all countries which suffer from the afflictions of communism and the enemies of Islam. The recommendations of the seminar, which ended this evening, called on the league's general secretariat to address an appeal to all Muslim countries to settle their differences through fraternal negotiations, away from war, and to mobilize all energies and resources so as to confront all heretic Christianization trends which seek to make the Muslims have doubts regarding their religion. The seminar welcomed the call for Holy Jihad by Deputy Prime Minister and Crown Prince Fahd ibn 'Abd al-'Aziz, it being the Muslims' dear aspiration. It called on the Muslim countries to translate this call into actual measures for the liberation of Palestine and the Muslim peoples. The seminar recommended the liquidation of all clubs, establishments and societies [words indistinct] charity and others so as to conceal its goals in fighting Islam and the Muslims. [Text] [LD142216 Riyadh SPA in Arabic 2115 GMT 14 Oct 80]

CSO: 4802

AFGHANISTAN

BRIEFS

CSSR NATIONAL FRONT GIFT--Ten tons of dried milk and 4 tons of butter arrived aboard a special airplane of the Czechoslovak Airlines in Kabul yesterday. The Czechoslovak gift will make possible initiation of test operations of a new dairy establishment. [Prague LIDOVA DEMOKRACIE in Czech 2 Oct 80 p 2]

CSO: 2400

IRAN-IRAQ CRISIS IMPACT ON MIDDLE EAST, U.S. EXAMINED

Istanbul CUMHURİYET in Turkish 20 Sep 80 p 5

/Article by Ali Sirmen: "Iran-Iraq-Middle East"/

/Text/ The dimensions of the border clash between Iran and Iraq is growing steadily. Within the week, Bani-Sadr's helicopters were attacked by Iraqi aircraft, then two days ago one Iranian plane was downed in a clash between the two nations' airforces.

In addition to these developments, Iraqi President Saddam Husayn announced that they had unilaterally abrogated the border agreement between the two nations. The 1975 agreement to resolve the festering Shatt al-Arab and Kurdish problems had been signed between Baghdad and the shah. The agreement regulated passage through the Shatt al-Arab and introduced measures to prevent infiltration of Iraq via Iranian borders of armed Kurdish forces.

Iraq's abrogation of the 1975 agreement and the clashes' having gained obvious intensity in recent days strengthen the likelihood of all-out war. More than anything else, such a development clearly would bring with it dangers difficult to predict for Iran.

In fact, it may be thought, at first glance, that a war would be effective for the administration in Iran to overcome, or at least freeze for a while, its own internal difficulties. Yet such a thought fails to take into account the likelihood that the shah's left-over army, which is still a very great danger to the Iranian administration, would move to the foreground in the event of total war and form a powerful force against the administration.

Intensification of the conflict between Iran and Iraq, in addition to the problems it would create in the two nations, would clearly cause significant developments in the Middle East also.

There is no doubt that going to war with Iran would completely destroy Iraq's status as a force, albeit small, against Israel in the future and would, perhaps push Baghdad rapidly to the side of the United States. Washington is looking for nations to take on the police role vacated by Iran in the area and clearly would benefit tremendously from this situation and would do anything and promise everything in order to bring about such a development.

When the shah left the country at the beginning of 1979 and Shapur Bakhtiyar's post-shah, soft-landing formula quickly lost its validity in Tehran, the United States suffered three, actually four, interrelated losses in the Middle East.

The first of these losses was that a large source of oil was no longer under the West's control. This loss was made up by Saudi Arabia which stepped in and raised its production. The fact that the conjuncture on the world oil market at the moment is not conducive to new price hikes and that, for the first time in a long time, the supply-demand balance in this area has tipped in favor of demand has put Iran in the position where it cannot be too fussy about oil sales, and the problem which the new administration in Tehran created as a source of oil has been automatically resolved to an extent, albeit temporarily.

The second great U.S. loss was the loss of an arms buyer which provided very handsome profits to its own arms industry. In fact, Iran, which paid more than \$20 billion in 4 years to American arms manufacturers at the time of the shah, is no longer a profitable customer for the arms industry.

The third and fourth U.S. losses are the loss of a policeman to keep the Persian Gulf oil nations under control and the fact that its foundation stone in the Middle East, Israel, lost a major supporter in the north.

The Pentagon cannot sit on its hands, watching these two developments. The United States' greatest concern in the post-shah period is, on one hand, to pursue efforts to enable Iran to resume its former duties while, on the other, to prevent the bridges which Israel has already built from being blown up anywhere in the region, to render ineffective one by one the dangers confronting Israel and to find new forces to take on part of Iran's police duties.

So intensification of the Iran-Iraq conflict comes at a time when the United States is increasing the efforts we have considered above. If developments proceed in this direction, a wider war between the two nations will bring with it brand new changes in the balance in the region.

8349
CSO: 4907

MAJLIS DEPUTY WEIGHS FATE OF HOSTAGES

Tehran ECHO OF IRAN in English 29 Sep 80 pp 12-14

[Interview with Ali Akbar Parvaresh, deputy speaker of Majlis, date and place not given]

[Text] In an interview with the daily JOMHOURI ISLAMI, Ali Akbar Parvaresh, Deputy Speaker of the Majlis, spoke on the issue of the U.S. hostages in Iran and the views held by the Majlis deputies on it. Here are the salient features of the interview:

Q. What is the Majlis deputies' approach to the U.S. hostages issue?

A. There are presently two types of attitude in the Islamic Parliament on this issue. There is a group of parliamentarians who seek the release of the hostages, while another group wants them to be put on trial.

The group, seeking the U.S. hostages' release, bring in the following arguments:

1. Since Iran is presently facing economic sanctions, and because of its dire need for machinery spare parts for the industries imported from the West, we are very much dependent upon America. Hence, these hostages should be freed.
2. The hostage-taking has lost its initial excitement and fervour among the Iranian masses, which necessitates the hostages' release.
3. There are vast energies being used in protecting and maintaining these hostages. By releasing them, such energies can be utilised to the advantage of the Islamic Revolution.
4. The court trial of the hostages is very problematic. If we try them in Iran, then certainly, there is a prejudgment of their being sentenced. If we try them in some Western country, then we ourselves would rather be sentenced. However, verdicts issued at these trials would not be acceptable to the parties involved. Since there is likely to be no agreement on any one of the court verdicts, it is desirable to release the hostages.
5. American is constantly taking measures to draw us into political isolation. The U.S.-planned coup in Turkey is one such effort to check the revolutionary movement of the oppressed nations in this region and to consequently neutralise the export of the Iranian revolution. Similarly, the U.S.-initiated Iraqi war is another factor leading to our political isolation. Hence, it is essential to free the hostages so that we could continue our propaganda aimed at exporting the revolution.

6. The domestic anti-revolutionary forces are collectively trying to wear down the energies of our forces and nation. There is currently a plan before the Majlis to reactivate these revolutionary energies.

7. The United States has resorted to sending emissaries to start parleys with the Iranian Majlis such as PLO representative Hani al-Hasan and Papal Envoy Archbishop Cappucci. In his mediatory letter, Pope John Paul II has even referred to a six-point agreement which America is willing to sign with the Iranian nation. These include: (a) all the assets of the Shah would be returned to Iran (b) all the frozen assets of Iran standing at 12 billion dollars would be released. There are also another 21 billion dollars which were invested by the Shah in Pentagon's various Ordnance factories (c) America would denounce its past policies (d) America would withdraw all of its claims against Iran. There are already about 200 suits filed by America against Iran including the one at the International Court of Justice (e) America is willing to sign a non-aggression treaty with Iran under which it would not interfere in its political and military affairs (f) This article would be left open to be filled up by the Iranian nation as deemed fit by it.

In case of article (f) it can be observed that America has greatly degraded itself. While analysing the causes for it, we come to note that by such willingness, America wants to show to the world its desire to resolve the hostages issue through negotiations by and by granting privileges to Iran through its own nation in order to isolate the Majlis, and to show it to be compromising with imperialism. This group argues since America is willing to surrender itself to us, we should grab such an opportunity.

8. Since the hostage-taking has only been approved by the Iranian nation, and many countries of the world have already condemned it, with even some of the liberation movements remaining neutral in the matter, as such we should release these hostages.

9. What are the conditions on which parleys should be started with America? Recently Imam Khomeyni referred to five such preconditions in one of his messages. This was taken as a green signal by the Swiss Embassy which is the protector of U.S. rights in Iran. However, if America promises to part with its imperialist tendencies in case of Iran, and we consequently start negotiations with it, what is the executive guarantee for such promises? Such a guarantee would be obtained by the Special Majlis Commission on U.S. Hostages if it decides on holding such talks. We don't possess documents in respect of all these U.S. spies as most of them have been destroyed by the Embassy staff during its seizure. Out of these spies, we have only got documents against 22 of them.

The other group in Majlis, which favours the court trial of the U.S. hostages, offers the following reasons in support of its viewpoint:

1. Islamic revolution is an ideological one, and hence seeks to put an end to material domination. If we agree to hold parleys with America, then it would mean our submission to materialism and consequent degradation. Since we are not going to submit to it, hence the hostages should be set on trial.

2. If we agree to set the hostages free, this would be contrary to our Islamic spirit outlined in our constitution (Principles 2 and 3) which says that "Our constitution and Islamic Republic would keep away from domination and also from being

dominated." Hence our revolution should act in favour of the interests of the oppressed world to attain full unity of the Muslim nations.

3. To conclude non-aggression treaty with America is, in fact, to accept U.S. hegemony over us. We should not avoid such an act.

4. The U.S. crimes should be brought to the notice of the whole world. We have not been isolated in the world since we enjoy the support of the oppressed nations. So we should go on with the trial of these hostages.

5. America is observing that anti-U.S. feelings are increasing in the region, with Iran playing an active role in instigating such sentiments. It is trying to do away with such feelings through isolating Iran. Thus there should be no release of the U.S. hostages.

6. If these hostages are freed, then it would dampen the revolutionary energies at national level. Therefore, these spies shouldn't be released.

7. America has committed many crimes in Iran during the past 27 years and has done so to keep in place the decadent monarchial system. Would a mere denunciation of its crimes by the United States compensate all these tyrannies against the Iranian nation? Is Washington going to pay for all the damages caused to the Iranian nation during all these years? U.S. imperialism is certainly not going to give up its tactics for the sake of Iran. Hence, there should be no relaxation in case of the U.S. hostages.

These were the arguments of the two groups on the release or court trial of the U.S. hostages. I must here say that Islam only considers the good deeds of individuals. If we contend that Islam negates such parleys with the United States, then this argument is rejected by certain events which took place in the early days of Islam. In those days, even Prophet Mohammad concluded pacts with the non-Muslims (such as the Hodeibiyeh Agreement), and Imam Hasan's truce with Moa'aviyeh clearly indicates that the interests of Islam have to be kept in mind in such parleys. All these aspects are to be discussed by the Majlis in its debate on the U.S. hostages issue within the framework of the special commission.

CSO: 4920

MINISTER OF STATE'S DEFECTION ANALYZED

London AL-HAWADITH in Arabic 5 Sep 80 p 22

[Article: "Al-'Aqrabi Aligns Himself With al-Talibani; the Minister Was Called a 'Mule', and He Defected"]

[Text] There is nothing new in a minister or other official defecting from his country to another. This is what 'Aziz al-'Aqrabi, the Iraqi minister of state, did when he asked for asylum in Damascus last week. But al-'Aqrabi's defection is different. Al-'Aqrabi is a Kurd from the north, and was primarily associated with the non-separatist Kurdish nationalist movement. Thus, he was not in agreement with the movement of the late Kurdish leader Mulla Mustafa al-Barzani. Before becoming involved in politics, he was a member of the traditional Iraqi military establishment, in which he reached a high rank before his retirement. Therefore, he is said to have been more in agreement with Ahmad Hasan al-Bakr than with Saddam Husayn, who was not a member of the military establishment until quite recently, and then only in an honorary capacity.

As a Kurd opposed to the movement of al-Barzani, who led the Kurdish rebellion against the central government in Baghdad from the time of his return from exile in the Soviet Union in 1959 until his death in the United States in 1979, al-'Aqrabi found a key place for himself in the autonomy administration established by the Iraqi Government, after the end of al-Barzani's rebellion following the agreement between Saddam Husayn and the late shah of Iran in Algiers in 1974. Since that time, al-'Aqrabi has occupied ministerial posts in the Iraqi Government and has been a member of the Nationalist and Progressive Front.

As a member of the Progressive Front at home, and as a member of the International Peace Movement abroad, he was to a certain degree attached to the Iraqi Communist Party. The expulsion of the communists from the Front seems to have annoyed him. That, however, was not the reason for his defection, because he remained in his official position following the expulsion. He even took on new duties, including membership of the higher committee overseeing the legislative council for Kurdistan and membership of the higher commission which recently supervised the first elections to take place in Iraq since the fall of the monarchy 22 years ago. One outcome of these elections was the election of the current national assembly (parliament) in which Ba'thists won by an overwhelming majority.

If 'Aziz al-'Aqrabi had assumed all of these sensitive roles during the past 6 years, why did he choose this time to defect? In fact, why did he defect at all? Why did he pick Syria in which to seek asylum?

According to communist sources, al-'Aqrabi's defection is a protest against the presidency of Saddam Husayn himself, "because he brought Iraq into the U.S. sphere of influence." The communists seem to be basing this on al-'Aqrabi's own words at a press conference he held in the Syrian capital upon his arrival. At the press conference, he accused Saddam Husayn of trying "to destroy the Ba'th Party by liquidating its most fundamentalist and patriotic militants and leaders." He was referring to the executions in July of last year of persons accused of complicity in a Syrian-backed conspiracy to overthrow the government. Al-'Aqrabi also claimed that there is a tacit alliance between Saddam Husayn and Anwar al-Sadat against Syria, the Islamic revolution in Iran and the PLO.

But Kurdish sources in Iraq are saying that what al-'Aqrabi said was a political pretext for his defection, not the real reason. According to these sources, the reason was that al-'Aqrabi felt that his role had come to an end, and that after getting all the use it could out of him, the Iraqi Government was going to discard him. He chose to beat them to the punch as a "hero" by taking advantage of the current state of tension between Damascus and Baghdad.

The Syrians consider al-'Aqrabi's defection a propaganda gain in their tense relations with Baghdad. If time for a reconciliation came, they would have (somebody they could exploit?). In this context, al-'Aqrabi's defection to Syria balances Mahmud al-Shufi's defection to Iraq. A similar thing happened during the Iraqi-Palestinian dispute, which spread to Europe, when certain dissident groups of the two sides were used as scapegoats in the settlement which is still in effect. One of the prominent Iraqis who have sunk into oblivion is Hasan Mustafa al-Naqib who was commander of the Iraqi forces in Jordan before the events of September 1970. He enjoyed close relations with the Palestinians, and had a good reputation in Ba'th circles. Prof Michel 'Aflaq, the secretary general of the Ba'th Party, even said that he was worthy of being the commander of a united Arab army. But Hasan al-Naqib was soon dismissed from his position and appointed to an ambassadorial post. He served for 3 years as his country's ambassador to Madrid, and held that post when Saddam Husayn visited Gen Franco in 1974. He then defected, went to Beirut, and sought asylum with the PLO. He is now said to be living in Damascus.

There is, however, another aspect to al-'Aqrabi's defection to Damascus: the Kurdish aspect. The Kurdish movement is currently made up of several different factions. A major one is that of Jalal al-Talibani who now leads his movement from Syria. During the heyday of Mulla Mustafa al-Barzani's movement, al-Talibani split away, and cooperated with the Iraqi authorities on occasion. The followers of al-Barzani called any Kurd who cooperated with the Iraqi authorities at that time as one of the "government mules." That is what al-Barzani's followers used to call al-Talibani and his followers. The followers of al-Talibani in turn applied the epithet to al-'Aqrabi before his defection. There are those who believe that al-'Aqrabi will join the al-Talibani faction to intensify the Kurdish rebellion against the Iraqi Government in the north, even if the remaining followers of al-Barzani still maintain their opinion of al-Talibani and al-'Aqrabi.

The al-Talibani faction of the Kurdish movement maintains that the Kurdish people must resume their revolution in Iraq on a new footing, avoiding the pitfalls which Mulla Mustafa's movement fell into. They must, therefore, make peace with the Islamic revolution in Iran, where a fierce war is now raging between the Kurds and Iranian Government forces in Mahabad, which was the capital of the first Kurdish republic established by al-Barzani right after the Second World War. The republic fell as soon as the Soviet forces withdrew from Iranian territory. In recent years, while there has been peace in northern Iraq, the al-Talibani faction has carried out several limited military operations in the area near the Syrian-Turkish borders. But the Turkish Government has kept this region under control through harsh measures, instituting martial law. This has had a dampening effect on these operations. Two years ago, when these operations were at their peak, Saddam Husayn was asked about them. He said that they posed no danger of erupting into a wide-scale rebellion, and that Iraq was able to endure them and contain them for many years.

The faction which opposes al-Talibani's faction, including the remnants of al-Barzani's faction, says that the Kurdish revolution cannot achieve victory through certain leaders changing from "mules of one government" to "mules of another government." They say that al-Barzani's experience proves that such a situation is doomed to failure, if an agreement such as the one signed in Algiers by the Shah and Saddam Husayn takes place. This faction calls for an all-out revolution in all of Kurdistan, including Iran, Iraq and Turkey. When that comes about, Syria can be used as a rear base, because of the large number of Kurds in its northern districts.

There is also a third faction which believes that the Kurdish revolution has a chance to remain active in Iran. There is even an opportunity for the Iranian Kurds to achieve a good position from which to improve the Kurdish situation in the neighboring countries. Logistically, this requires taking advantage of the Iranian-Iraqi conflict so that Iraqi Kurdistan would become a rear base for the Kurdish revolution in Iran.

There is also a fourth faction, though not very numerous, which consists of Kurdish intellectuals and students in Europe. This group calls for a new Kurdish movement. As they put it, this movement would shake off the "traditional conservative leadership which has been burned up by its ties with various governmental agencies in the nations which have divided up Kurdistan and the Kurdish people." This faction says that although the traditional leaders differ with each other, they form, as a group, "a party of mules."

According to observers, 'Aziz al-'Aqrabi's services to the Ba'th regime in Iraq, while he was part of the government and an official in the autonomy administration, far outweigh any harm that could be caused to Iraq by his defection and association with the followers of al-Talibani. According to these observers, al-'Aqrabi has only propaganda value now.

PURCHASE OF FRENCH COMBAT PLANES UNDER NEGOTIATION

Paris LE MONDE in French 24 Sep 80 p 4

[Article by Jacques Isnard]

[Text] Discussions in progress between Paris and Baghdad have to do with the purchase by Iraq of 150 Alpha-jet combat planes which will be partially produced locally. While these negotiations are taking place, in November Iraq is to receive the first of the 60 Mirage F-1 air defense interceptors ordered from France.

Relations between France and Iraq in the field of aviation go back over 3 years. In July 1977 Baghdad ordered 36 Mirage F-1 interceptors from France. At the time, it was understood that Iraq would later announce an order for 36 more Mirage F-1's. In December 1979, however, an agreement was concluded for 24 more of the same interceptor.

Apparently, after acquiring the 60 Mirage F-1's, Iraq chose to set its sights on the creation of a local aviation industry with the aid of French companies. Long dependent on an exclusive supplier, the Soviet Union, the Iraqis wanted to set up their own sources of supply to cut down the risks of foreign dependence.

This is why, in its own interest, Iraq has resumed work on the main lines of a still-born project. Actually, several years ago Egypt, Saudi Arabia, the United Arab Emirates and Kuwait had drawn up a plan to create an Arab Organization for Military Industrialization--known under the acronym OAI--with the aim of setting up the basis for an aviation industry in Egypt which was to have been financed by the three other Arab partners to the agreement and was to appeal to France for the mass production of a combat plane, the Alpha-jet, designed as a trainer for local personnel and to beef up several Near Eastern air forces.

The OAI disappeared following many a mishap, in particular due to pressure from the United States at the time of the Camp David agreements, which normalized Israeli-Egyptian relations.

Since then, Iraq has for its own reasons reexamined with France the possibility of setting up aviation plants near Baghdad and Mossoul where the Alpha-jet would be assembled. This twin-jet aircraft,* was designed by French and German companies but the two manufacturers have agreed that, in the event the plane is exported, each of them would be free to sell it by buying back that portion that has been coproduced from the other manufacturer.

All in all, 150 Alpha-jets are involved, in the advanced training models for the training of other than beginner pilots and for the tactical support of ground troops.

The first machines will come from the French plants. During a second phase, Iraq will, with French assistance on the basis of already-approved plans, proceed to the assembly of the most important Alpha-jet components. Later, production will be farmed out to local plants for most of the plane's components, including the jet engines.

Not counting France, which plans to buy a total of 200 planes, the Alpha-jet has to date been ordered by the FRG (200), Belgium (33), Morocco (24), Nigeria (12), Ivory Coast (6), Qatar (6) and Togo (3). The Emirate of Abu Dhabi is also negotiating with France for the purchase of Alpha-jets.

In the present case, the conclusion of a contract with Baghdad would have the effect of breaking the Soviet monopoly in the Iraqi Air Force, chiefly equipped with Mig-21's, Mig-23's, Sukkoi-7's or 20's, Tupolev-22's, Ilyushin-28's and a few rare British planes, already obsolete. Iraq has promised France 23.3 percent of its oil supply.

11,466

CSO: 4800

*With a top speed of 850 km an hour, the Alpha-jet is capable of carrying up to 2.2 tons of armaments a distance of about 900 km.

BRIEFS

FRENCH TANKS--France is getting ready to deliver a new contingent of AMX-30 medium tanks, 100 of which have already been supplied. A big consignment of missiles will be added to this shipment. [Text] [Paris LE POINT in French 18 Aug 80 p 28] 11466

CONSTRUCTION PROJECTS--Iraq has recently been devoting attention to construction activity, following its belated opening up to western contractors, whose revenues from Iraqi construction projects have reached a billion dollars. Iraq has signed several contracts amounting to 1.1 billion dollars with one company for the construction of a government center in Baghdad. Another contract with the company has been signed for 700 million dollars for improvements to the Basra airport. A 500 million dollar contract with a Japanese firm has been signed for building renovations. Iraq has also signed a 340 million dollar contract with Korea for the construction of a medical center in Baghdad. [Text] [Kuwait AL-QABAS in Arabic 13 Aug 80 p 13] 9123

LOAN TO INDIA--It was announced in Baghdad yesterday that Iraq and India have signed a long-term loan agreement under which the Iraqi Fund for Foreign Development will provide the government of India with a 104 million dollar interest-free cash loan. The Iraqi News Agency quoted an official of the Fund, who said that the loan was equivalent to the increases in the price of Iraqi oil supplied to India during the second half of last year. The official noted that this was the 10th loan provided by Iraq to several developing countries. The loan was signed for Iraq by Dr 'Abd al-Amir al-Anbari, chairman of the board of the Fund, and for India by its ambassador to Baghdad. The official said that the loan would be paid back over a 20-year period. [Text] [Kuwait AL-QABAS in Arabic 29 Aug 80 p 15] 9123

IRAQI LITERARY FIGURES KILLED--Beirut--The Association of Democratic Iraqi Writers, Journalists and Artists issued a statement today on the martyrdom of Jihad Majid, an Iraqi storyteller. The statement said that some time ago, 84 Arab intellectuals signed a memo calling on the rulers of Baghdad to release Jihad Majid and to account for the destiny of Dr Safa' al-Hafiz, Dr Sabah al-Durrah and Jihad Majid following reports on their grave condition due to torture. The statement added that on 30 September, Lebanese newspapers published the statement issued by Amnesty International which called on Iraq to open an investigation into the killing of political detainees by poison. The statement mentioned Jihad Majid. The statement referred to the execution of journalist Isma'il Khalil in Baghdad. It denounced these actions and called for sending cables of condemnation, revealing the facts to world opinion and having the masses of the people sign memos of objection against the Iraqi regime. [Text] [JN071836 Damascus Domestic Service in Arabic 1615 GMT 7 Oct 80]

PERES DISCUSSES MIDDLE EAST PEACE PROCESS

TA050917 Jerusalem JERUSALEM POST in English 5 Oct 80 p 8

[Article by Shim'on Peres, Labor Party chairman: "War or Peace?"--translation of an article appearing in OCTOBER magazine]

[Text] The choice before all of us, Arab and Jewish residents of the Middle East, is sharp and clear: Will we let the Palestinian problem blast the entire region into another war? Or will we strive towards a new regional alignment through which a solution can be found for the Palestinian problem as well as others?

The first option calls for another war; the second opens the gate to peace. I believe that President as-Sadat accurately perceived this choice. And, as the president of the largest nation in the area, he took the historic initiative towards a peaceful solution.

Egypt has always been regarded as the "big brother" in the family of Middle Eastern nations. Its achievements and its shortcomings have always been extremely significant for other states in the area. I believe the past--and the future as well--justify this assessment. There were four wars between us. Each had a clear military outcome, but none solved the problem that brought the armies out.

The wars of 1948, 1956, 1967 and 1973 only increased the number of human casualties, the property damage and the number of refugees, and deepened the feelings of hostility and bitterness. But no permanent solution followed. On the contrary, the wars opened the region to Soviet infiltration, aroused fanatical elements, retarded social development and halted economic growth. It would be naive to address ourselves only to the causes of the wars and to ignore their results. Any future belligerency would only benefit foreign powers--weapons-suppliers or status-seekers. And the human and economic development of the region's inhabitants would suffer.

The Palestinization of the conflict was thus a basic error. On the other hand, a comprehensive regional view brings with it a chance for a peaceful solution to the Palestinian problem. The regional approach takes into account that lack of progress in the Middle East derives in part from geographical and historical factors. These international "givens" are the deserts, mountains, seas and climate. All these have kept the peoples apart and inhibited development. Isolation, competition, hostility, and the domination of narrow interests intensified the effects of a harsh environment.

As far as I have understood from my conversations with President as-Sadat, he, like us, is interested in an honest and historic pooling of forces to overcome those obstacles--turning deserts into fields, linking mountains in ways that will allow for initiatives in industry, research and tourism; cleaning the seacoasts and opening the seas themselves to free passage; conquering the climate; cooperating to keep out foreign forces and transform blind fanaticism into cultured, intelligent, tolerant exchange.

If nature in the Middle East is harsh, the people of the region are blessed with imagination and ability which, from time to time in their long history, took them to the zenith of scientific and spiritual achievement. The goal of regional alignment must be to bring back the rule of wisdom despite the many difficulties arising from habit and terrain.

I believe in such a possibility. I also believe we can find a just solution to the painful problem of the Palestinian people. Within such a context of renewed trust and far-reaching cooperation, the problem can be viewed without the added burden of suspicion and hostility.

I know this "burden" cannot be eliminated in a single day. The split in the Middle East between the "rejectionist front" and those who favour dialogue necessitates a great deal of patience in striving for a solution in stages. Now, therefore, do we Israelis describe to ourselves the solution of the Palestinian problem?

To solve the problem, we believe, we have to ask where the Palestinians are. This is only a matter of statistics, but it's sometimes surprising to see to what extent people tend to ignore them. Nearly half of the Palestinian people live in Jordan, and they comprise a majority of the Jordanian population. (We must remember that Jordan itself was in the not-too-distant past a part of Palestine.) About 700,000 other Palestinians live in Judea and Samaria. About 100,000 live in Jerusalem, about 450,000 in the Gaza Strip, about 600,000 are Israeli citizens, and about 200-300,000 are refugees in Lebanon.

We must see the problem and the solution in a unified, complete context. All of the interim solutions must derive from a view of the comprehensive solution at the end of the road. We must decide, then, first of all, what the comprehensive solution is. Will it be a single solution, or two or three?

A single solution means one political framework, one army, one flag. Two solutions means two stages, two armies, two flags. We contend that more than one solution is not in fact any solution, merely a change of venue, date and reason for further conflict.

If, for example, a Palestinian state based on the Palestine Liberation Organization is established, alongside Jordan, Yasir 'Arafat's unceasing attempts to take over Jordan as well (as called for in the Palestinian covenant) will give rise to constant terror and tension. King Husayn would respond accordingly. And Israel would find itself involved, willingly or unwillingly, in this perpetual tension.

A Palestinian state with an army equipped for offence would pose a threat to its neighbors on both the east and west. But it isn't even clear if such a state

would be stable enough to withstand the competition which already exists among the various PLO factions. Katyushas would fly in all directions and the response to them would be continuous escalation of the confrontation in the entire area.

Anyone prepared to see the region in its full context and reach a logical solution to the Palestinian situation must seek a complete, single solution, despite the difficulties. There is no divided solution to a problem which isn't divided. For these reasons, Israel favours the establishment of a Jordanian-Palestinian framework which would include all of the more than three million Palestinians living today in Jordan, Judaea, Samaria and Gaza.

If we agree to this view, we can begin fashioning bricks for the political structure under the existing conditions and agreements in the Middle East. The first brick can be the Gaza Strip, which can be given autonomy without delay, for the period defined in the Camp David accords. At the end of that period, we can examine, along with the Gaza residents, ways to link the Gaza Strip to the Jordanian-Palestinian framework.

The second brick can be an Israeli invitation to the Jordanian Government to conduct negotiations for a solution to the Palestinian problem on the basis of UN Security Council Resolution 242, which was formally adopted by Egypt, Jordan and Israel.

We may not be able to reach a full and permanent agreement on Judaea, Samaria and Gaza in one leap. In that case we would have to seek interim agreements, such as those reached with Egypt, before arriving at a permanent peace.

The difficulty of the single leap to peace is described convincingly enough in one of the formulas the Egyptian delegation brought to Camp David: "...In determining the future boundaries of the West Bank, the two main considerations will be the aspirations of the Palestinians and the security call of Israel."

And in fact, we must not only face the problems of Egyptian expectations, but also those of Israel's security. Israel believes it was unjustly attacked twice by the Jordanian Army--in 1948 and in 1967--and is convinced it must not be vulnerable to more errors of the same sort. There is a contradiction formulated in the Egyptian statement, but I believe it can be bridged in serious negotiations.

It is not inconceivable that such negotiations may lead to solutions no one can imagine today.

A third brick in the political structure can be the establishment of a suitable Israeli policy in the territories. As the development of local leadership is encouraged through free elections, even on the municipal level, the military government will withdraw from the territories, clearing the way for an independent authority, as described in the Camp David accords.

The fourth brick in the structure must be a solution of the problem of refugees in Lebanon. That would relieve Lebanon's agony and permit those refugees who wish to return to the Palestinian-Jordanian framework to build their permanent home.

In my opinion, this brick can be made, again, only in the context of a Jordanian-Palestinian solution. If there are two states, the larger of them, Jordan, will not necessarily want to absorb the refugees and the smaller of them is likely to want to absorb them but not have the room. Israel, like the rest of the nations in the region, can extend various kinds of help to carry out this programme.

The fifth brick in the solution would be Jerusalem. In this area there is some agreement and there are some differences between Israel and Egypt. Egypt agrees with us that Jerusalem must remain a united city and that religious rites must be performed there in dignity by all of the sects for whom it is a holy city (and we must not forget that the Christians, not only Jews and Muslims, consider Jerusalem a holy city). But Egypt argues for division of sovereignty in the city, which Israel cannot accept.

I believe we must take the two points of agreement--unity of the city and free approach to the holy places, through administration by the relevant religious authority--and develop them, with the symbols necessary to increase the degree of agreement concerning the status of Jerusalem.

When we have finished baking those five bricks, we can get on with building the entire structure. That might take a long time, but isn't it preferable to build peace slowly rather than slip into war for lack of patience?

If we solve the Palestinian problem, we can all commit ourselves to the central goal of the policy President as-Sadat has embarked upon, and in which we are full partners. That goal is to turn the Middle East into a region whose economic, scientific and social development is as advanced as that of Europe, or even America; a region in which there will be cooperation, despite the differences of religion and language, such as that found in the European community--with its open borders and its flourishing culture.

The fact that we are ancient peoples should not prevent such a regional renaissance. A Middle East without conflicts will no longer be a grazing ground for foreign flocks. We can all devote our human energy, based on an ancient culture, to the service of the coming generation--of the Arab nation, the Jewish nation, and the other peoples who live here.

The key to that is an intellectual, not only political, cooperation between Egypt and Israel. Politicians, writers, artists, farmers, and workers already have the green light. Let us not be daunted by the difficulties that face us and let us not fall prey to excessive suspicion, to the rumours that bloom, to the hatreds of the past. We met as human beings, and we were surprised to each find a desire in the other to have today's civilization succeed yesterday's strategy. These are the days for great decisions and wide-ranging vision. We are not nations of pecklers. We were brought up on the laps of prophets. That was our strength yesterday; that will be our strength tomorrow.

BEGIN INTERVIEWED ON IMPLICATIONS OF MIDDLE EAST WAR

LD121320 London SUNDAY TELEGRAPH in English 12 Oct 80 p 19

["Exclusive" interview with Prime Minister Menahem Begin by Gordon Brook-Shepherd in Jerusalem; date not given]

[Excerpts] Three points stood out in talks lasting in all two and a quarter hours which I have had here with Israel's controversial and beleaguered prime minister, Mr Menahem Begin. These are: 1) Grave concern that the Gulf war may spread, coupled with a pledge that Israel will not meddle in it; 2) withering criticism of Western Europe in general and of Tory Britain in particular, for kowtowing to Arab oil power; 3) uncompromising rejection of any form of Palestinian state under any leadership and of any attempt to tamper with the status claimed for Jerusalem as Israel's undivided capital.

His sombre words about the Iran-Iraqi conflict came when I suggested that his generals must surely be delighted that two of Israel's bitterest enemies were now draining each other's strength. He shook his head briskly and said: "My friend, there is an ancient precept in the Bible, 'Don't rejoice in the downfall of your enemies.' It is true that both Iran and Iraq are our implacable foes, yet we do not rejoice that they are fighting each other. When a war starts, you never know how it will end. It is like a conflagration. The flames can reach far away from the battlefield. Therefore we are very perturbed, and the situation in the Persian Gulf is very dangerous also for the Western powers."

The week I was in Jerusalem had seen both the visit of King Husayn of Jordan to Baghdad to discuss Jordanian aid to Iraq in the battle, and the visit of the Syrian President al-Asad to Moscow to sign a so-called "friendship" treaty with the Soviet Union. It was difficult to know which event troubled Mr Begin more. On Jordan he said:

"We want peace with her as a neighbour. But now she allies herself with Iraq-- the most radical of all our enemies, who has always fought us and never signed a ceasefire, although we have no common border. Jordan puts the Port of Aqaba at Iraq's disposal and we know that more Soviet ships with arms and military supplies for Iraq are now on their way there." (I later learned that Israel has pinpointed 12 more Soviet vessels bound for Aqaba.) This co-operation is very serious for us. Look, Iraq has more than 3,000 tanks. Let us say that, in gratitude, they give Jordan 500 of them. That would mean Jordan would have, counting your British Centurions and her other armour, something like 1,500 tanks to mass against us."

As for Syria, he could find little comfort in the fact that she was at logger-heads with Iraq in view of the treaty just signed in Moscow. This seemed to him to prestage the re-entry of the Soviet Union in force into the Middle East arena from which she was excluded eight years ago after the breach with Egypt.

"The important thing will be the secret clauses in such a pact, and those will not be published. There are even reports that Soviet military units may be stationed in Syria--right on our door-step. We are not frightened but this whole development is serious. Syria has 3,000 tanks, too; and I can tell you that the number of Soviet advisers in that country has already recently doubled--from 2,500 to 5,000. Nonetheless, Israel cannot intervene, and allegations of our intervention in the Gulf war are baseless. We just don't want to interfere but we have to watch very carefully."

If there was one positive aspect of the Gulf war for Mr Begin, it was the end of what, in his view, was a Western illusion about the Arab world. He obviously relished ramming this particular point home.

"For years there was a myth in the West that if only the Arab-Israeli conflict could be solved, more or less in the Arab sense, if Israel could be so persuaded, then there would be peace and quiet in the whole region. No more war or strife, and supplies of oil assured to every-one. Now this myth is exploded completely. Two Arab oil states are fighting each other and the Arab world is divided. What has the Arab-Israeli conflict to do with all this?"

We now got on to Britain and, more particularly, Tory Britain, which came in for some fierce broadsides. In the morning, when we had touched on the outbreaks of anti-Semitism in France, he had spoken sadly of "the two Frances--the France of liberty, equality and fraternity and the France of the Dreyfus case and the horrible face of racial hatred." Were there, I asked, two Britains as well?

Well, he replied, of course. There was on the one hand the Britain of Balfour and Lord Passfield--great friends of Zionism--and he himself had been brought up by his father (who was a great devotee of Disraeli) to admire Britain.

Though he did not exactly specify that Britain's other face reposed in the patrician features of Lord Carrington, it was our foreign secretary who got most of the stick that now followed. Mr Begin had already accused the whole of Western Europe, including Britain, of "vying for the favour of the Arab world, trying to sell arms to them at the highest price and buy oil from them at the cheapest price." But it was our behaviour over the "Death of a Princess" TV film which aroused his particular wrath.

"Suddenly, Saudi Arabia became very angry with you and threatened to take her money away from the city and her oil, which is still important to you; and first your Foreign Office minister, Mr Hurd, and then Lord Carrington went to Riyadh and humiliated themselves--I don't hesitate to say so--with abject apologies, bowing deeply to a corrupt ruling clique simply because in your free country there are free media."

I pointed out that it was regrets and not apologies which had been tendered, and it was precisely the freedom of the British media which had been stressed and upheld throughout the incident. As far more distinguished interlocutors of Mr Begin's have discovered, however, he is harder to deflect than a charging bull. I had no better luck later on when trying to persuade him that, important though Arab oil and trade were to the Western world, we also had a genuine political motive in trying to help along a Palestinian settlement.

The so-called "justice of the Palestinian cause," he retorted, amounted simply to the blunt fact that there were now 21 sovereign Arab states in the world determined to create a 22nd, "on the neck of the Jewish state."

Lord Carrington "was no friend of Israel's at all, as long as he repeats that we should negotiate with the PLO." (Sir Ian Gilmour--whom Mr Begin also met on his visit to London last year--got even lower marks: He was described as "absolutely hostile.")

I picked Mr Begin up on a point he had made earlier that the Middle East was unpredictable and full of paradoxes. Just supposing that a reasonable and peaceful Palestinian leadership were to emerge one day, would he still oppose a Palestinian state? He brushed aside even possibility of such moderate leadership.

"A Palestinian state is out of the question. In any case it would be a mortal danger to Israel."

It was, he went on, "sacrilege" to compare the dispersal of the Palestinians to the Jewish Diaspora. The Palestinians were living among their own Arab peoples with the same language and culture. The solution for these dispersed Palestinians was "resettlement in the countries where they live." After all, nobody had tried to send back all the Moslem and Hindu refugees created by the partition of India. As for those Palestinians living in Judaea and Samaria, the solution proposed by Israel herself was the best--to give them complete administrative autonomy to run their lives. "But security we must reserve for ourselves."

Ideas such as those floated by his Labour opposition opponent, Mr Perea, that Jordan might be associated in a political solution, he dismissed as an attack of the illness he called "Husaynitis."

"How can you have a territorial compromise with Jordan when Husayn said 'I want Jerusalem'?"

It was the status of Jerusalem which produced his final blast at Lord Carrington. He told me: "I said to Lord Carrington in London when he gave me some unsolicited advice on East Jerusalem, 'When King David transferred his capital from Hebron to Jerusalem, nobody at that time had ever heard of London but would any Englishman have asked anyone about making London his capital? Don't give me unsolicited advice! There is no Arab Jerusalem. There is only Jerusalem!'"

ISRAELI ANALYSTS COMMENT ON SOVIET-SYRIAN FRIENDSHIP PACT

TA101235 Jerusalem JERUSALEM POST in English 10 Oct 80 pp 1, 2

[Report by David Landau, diplomatic correspondent: "Pact Seen as Threat to Israel and West"]

[Excerpt] Top analysts in Jerusalem said yesterday the Syrian President Hafiz al-Asad had agreed to sign the treaty with Moscow as a direct consequence of the Iran-Iraq war.

These analysts noted that al-Asad had hesitated for a very long time over repeated Soviet urgings to enter this type of close relationship with the Kremlin. It was the war, these analysts believe, that persuaded him to take the plunge.

Al-Asad apparently perceived the war as increasing Syria's isolation in the Arab world. Most of the Arab states are backing Iraq--a few, like Jordan, overtly, and the majority less openly. Only Syria and its new partner-in-union Libya have come out in favor of Iran. Syria also has longstanding grievances against Iraq.

Al-Asad may also have feared that the war would inevitably strengthen the bonds between the Soviet Union and Iraq--and therefore he decided to respond to the Soviet proposals to strengthen Syria's own client-patron relationship.

The Israeli analysts say active Syrian involvement in the war on the side of Iran seems highly unlikely at this stage. They point out that Iraq has succeeded to a large extent in portraying the war as an "Arab" struggle against a non-Arab enemy. With his minority Alawite regime under pressure from Moslem fundamentalists within his country, al-Asad could hardly afford to be viewed as taking an anti-Arab side in the conflict.

Nevertheless, Syria has sought to aid the Iranians in behind-the-scenes diplomacy.

Pondering Jordan's open logistic support for Iraq, the Israeli analysts said Jordan plainly hopes to be rewarded by Iraq and by other Arab hardliners once the war is over. In part, King Husayn is apparently moved by sentiments of Arab solidarity. But he is also seeking to better his own standing in the Arab world at the expense of the Palestine Liberation Organization. The PLO has been ambivalent on the Gulf war.

This purpose would accord with Jordan's steady attempts during recent months to regain prominence on the Palestinian issue. A special ministry dealing with West Bank affairs has been set up in Amman recently, and more money has been made available to the West Bank.

Jordan seems to be shaking off the constraints imposed on it by the Rabat resolutions of 1974 in matters pertaining to the Palestinians. Israeli analysts feel that Husayn sees himself resuming a central role as spokesman for the Palestinians. His support for Iraq in its war is one way, he seems to feel, in which he can advance this aim.

Husayn's warlike rhetoric against Israel this week coincides with this assessment. Husayn has been moving steadily away from his traditional "moderation" ever since Camp David. But his bald threats this week of war against Israel to "purify Jerusalem" registered a new note of stridency with analysts here.

When the rhetoric is set in the context of the burgeoning strategic relationship between Jordan and Iraq, as well as with Husayn's imminent visit to Moscow, Israeli policymakers understandably view developments on the eastern front with disquiet.

Deputy Prime Minister Yigael Yadin warned Husayn publicly yesterday that it would be a "grave error" to "jump on the Iraqi bandwagon." Yadin said Husayn had gravely erred at least twice before: when he entered the war alongside Egypt in 1967, and when he failed to enter the peace process with Egypt in 1978.

CSO: 4820

'JERUSALEM POST' COMMENTS ON RABIN'S CANDIDACY FOR PREMIERSHIP

TA121018 Jerusalem JERUSALEM POST in English 12 Oct 80 p 8

[Editorial: "The Rabin Challenge"]

[Text] It would be a vast exaggeration to assert that the country has been awaiting Yitzhaq Rabin's formal decision to throw his hat in the ring for the Labour Party leadership and his candidacy for the premiership with bated breath.

Now that Rabin has taken the plunge it should, however, be clearly stated that the mounting of such a challenge to Shim'on Peres, is entirely legitimate. For what more appropriate time is there for such a race than in conjunction with the convening of the party's quadrennial national convention?

This is all the more true in view of the fact that the convention will represent many new members who have joined Labour since its 1977 defeat at the hands of the Likud in the expectation of taking part in fielding a new Labour in the next elections.

The less than mass enthusiasm accompanying the announcement of the Rabin candidacy is a reminder of the fact that when those supporting him today decided to mount their challenge to the Peres leadership at the beginning of the year they passed over the former prime minister and chose instead the late Yig'al Allon.

That choice, with which Rabin concurred at the time, was to a large extent a comment on the lacklustre nature of the three-year Rabin premiership and on his disastrous inability to assume the mantle of party leader.

Be that as it may, the choice between Peres and Rabin is a matter for the Labour Party to make. But the country has a right to expect some clear talk from both men on two matters.

The most disastrous aspect of the last Labour government was the poisonous relationship between Prime Minister Rabin and Defence Minister Peres. It is essential that the Labour Party guarantee that it will not propose a government that will again include both men, which can only lead to paralysis at a time of growing troubles for Israel, both on the international and the domestic fronts.

Since neither of the two candidates has proven himself to be an electrifying leader the electorate has a right to know what leadership team Labour will propose to challenge the Likud. Internal party and personal considerations may temporarily militate against the naming of such a shadow cabinet at the present time. But it is the least that the electorate has a right to demand immediately upon the resolution of the race for the party's leadership.

GULF WAR MAY CAUSE U.S. REAPPRAISAL OF ISRAEL'S VALUE

TAID1914 Tel Aviv MA'ARIV in Hebrew 10 Oct 80 p 14

[Commentary by Yosef Harif: "Strategic Clarifications on the Lessons on the Iraq-Iran War To Be Conducted During Begin, al-Sadat Washington Visits"]

[Excerpts] On Prime Minister Begin's instructions Israel's ambassador to Washington warned the U.S. administration of the dangers inherent in Jordanian involvement on the Iraqi front, even if for the moment this involvement is a passive one. This time the United States was not, as it usually is, indifferent to Israel's warning, and assured it that it was aware of the dangerous situation evolving in the region.

What is it that worries the prime minister?

No great imagination is needed to guess what is worrying Begin: He is afraid that Jordan will, despite itself, find that it is rolling downhill, into Iraq's arms, even though its initial intention was to stay on this side of the line and not step over it and be dragged into the depths of the growing conflagration whose end no one can foretell. But regardless of what the outcome may be, from Israel's aspect the danger of an arranged match between Jordan and Iraq is extremely grave: Obviously--Begin thinks--Iraq will have to requite Jordan's good deed with a favor of its own, meaning that Iraq will form a united front against Israel with Jordan.

As is its custom, Washington might perhaps have taken the Israeli evaluations lightly, but this time it is starting to sense the danger; it is beginning to feel it where its interests are concerned and this is a very tangible danger indeed: If the Iraqis win, Baghdad will become the greatest oil power in the world, with all that this implies to Western economy and security. If Iraq does not win and Iran succeeds in dealing Iraq a decisive blow, then the Soviet Union could step in. Either way, the damage to U.S. interests could be considerable.

For weeks the United States has been acting as though struck by lightning and has not even begun to know what to do. Its warnings to Jordan, rather than being an expression of power, only underline the weakness of the U.S. administration, and most, if not all, of its political truths are collapsing day by day on the Iranian battlefield.

The question of whether the United States, which in this case is availing itself of Britain's assistance, will be able to extricate Jordan from the trap threatening it is a highly important one from the U.S. aspect; since Jordan, because of the move it chose to take, could reluctantly fall into Soviet hands. This is a U.S. question, yet it is far more serious from the Israeli aspect.

The fact that this development makes the idea of a "Jordanian option"--the Alignment's idea for an arrangement with Jordan, based on territorial compromise, even in the form of a continuing interim agreement--unrealistic is of secondary importance. The government autonomy idea cannot be fulfilled now either; even those who believed that it was fundamentally viable are agreed on that score. After all, according to the Camp David accords, Jordan has a role to play in the future arrangement once a permanent settlement is up for discussion; and according to Camp David, Jordan--together with Egypt and the representatives of the Palestinians residing in Judaea and Samaria--is supposed to be a partner in the autonomy negotiations. Its merger in the Iraqi Alignment excludes Jordan from any possible negotiations with Israel on a peace treaty on conditions that any Israeli government, even under the Alignment, could accept. If Husayn refused to talk to Israel before, and Jordan was not prepared to cooperate with either Israel or Egypt in the peace process previously, then now that Jordan has crossed the lines, counter to pronounced U.S. interests, can it be expected to change its mind and sit down at the negotiating table? If Iraq emerges the strong power from this war, will Husayn be in a position to defy it?

At first glance, the idea of a "Jordanian option" as the basis for a settlement appears to be an "Iraqi option," and no one here would venture to even entertain it. (Saddam Husayn, Iraq's bloodthirsty ruler, said that not only must an Israeli Jerusalem be opposed, but Tel Aviv, too, should be razed to the ground with bombs.) The emerging reality also makes al-Sadat's idea of a summit and the actual autonomy talks seem somehow other-worldly. The United States appears to recognize this fact as well, even though its entire policy in the region was based on the recognition that without a solution to the Palestinian problem there can be no peace and the United States will not be able to realize its hope of curbing Soviet expansionism in the Arab-Islamic world.

So far the United States has not brought Israel into its thinking; either because it is pretty confused these days and incapable of influencing to any real extent events that could well prove decisive for the future, or because its president is fighting for his political life in an election campaign in which, at this point, he has nothing to draw on that could give him courage. But from the little that reaches us from various sources it can be assumed that immediately after the presidential election, a reassessment of U.S. Middle East policy will be conducted, and in all likelihood those who already believe that it is not the Arab-Israeli conflict that should be at the center of things will predominate. With all its importance, it has been demonstrably proven that this complex conflict was not to blame for the lack of stability in the region.

If that is the approach taken, Israel's importance could rise side by side with that of Egypt, which has become an important part of U.S. strategy in the Middle East.

We do need a "summit" attended by the president of the United States, the president of Egypt and the prime minister of Israel. Such a planned summit can serve the interests of all three sides if it facilitates a more factual assessment of the situation and helps to establish a more realistic scale of priorities. Obviously such a summit cannot become a forum for strategic discussions without appearing to be an American-hatched "imperialistic plot," arranged with the connivance of Egypt and Israel. That is of course inconceivable, but there can be no doubt that when they visit Washington in the near future, Begin and al-Sadat respectively will attend bilateral talks (between the United States and Israel and the United States and Egypt) on developments in the region and on the real lessons that must be learned from them. Perhaps that is what Begin meant when he said that there would soon be a strategic dialog between Israel and the United States and that it would be conducted at the most senior level.

The U.S. inclination to ignore Israel, as displayed by the policy-shapers in Washington, naturally derived from the concept that since Israel--for lack of an alternative and due to its near total dependence on the United States--is in the Western camp anyway, the ones to be courted are the Arabs, even if that means hurting Israel.

This tendency might now become weaker. The fact is that when times were bad Washington wanted a dialog with Israel. There were two conspicuous such cases: After the Iraq revolution in 1958 it was the United States that held strategic consultations with Israel on how to act. Moreover, it asked Israel for its encouragement in Congress, to enable it to land Marines in Lebanon that year. And in 1970, when the United States accepted Israel's assistance to combat Syrian and Soviet intentions in Jordan. (In effect, it was proven in 1970 just how badly the United States needed Israel. Moshe Dayan, who was then defense minister, once recounted how U.S. generals came to Tel Aviv from Europe with old and obsolete maps, and showed themselves less than familiar with the terrain....)

At the start of the Iran-Iraq conflict many voices predicted a gloomy future: Whatever happened, it would be bad for Israel. Now second thoughts are being expressed. Perhaps, after all, things are not totally doomed for Israel. Perhaps the opposite is true. Perhaps at long last the United States will open its eyes and leave the world of illusion behind it.

Jordan did not follow Iraq into the latter's Iranian adventure because of Israel. The same holds true for Saudi Arabia, which is not treading the U.S. path. Senator Jackson once developed the theory that thanks to Israel both Jordan and Saudi Arabia continued to survive. This recognition, which could lead to a change of attitude toward Israel among Washington's policy-makers--no matter who they are--after the election, may not for the moment be forthcoming from the administration, but at least it cannot be passed over. From this aspect Israel is not all that pressed. The United States is more pressed, and that is why it immediately agreed with Israel and hastened to warn Jordan.

COMMENTATOR ON U.S. WILLINGNESS TO ACCEPT ISRAELI INITIATIVES

TA071700 Tel Aviv DAVAR in Hebrew 7 Oct 80 p 5

[Commentary by Yehoshu'a Tadmor: "Washington Is Updating Its Stances: It Will Not Abandon Israel But Will Expect Israeli Initiatives"]

[Text] Foreign Minister Yitzhaq Shamir could not have gone to Washington at a worse time. The U.S. elections are due in some 4 weeks and until 4 November there is simply nobody to talk to. The senior officials are also keeping silent because they know they might lose their jobs, even without saying anything out of the ordinary. This is known to anybody who has recently visited the United States and to anybody maintaining contact with the U.S. Embassy in Israel.

The feeling is that after the elections, if Israel comes up with a properly formulated plan on security issues in the West Bank, the U.S. administration officials will be prepared to listen and discuss it. Naturally, this would have to be a plan guaranteeing security for Israel but which would not deprive the autonomy plan, as formulated by the Israeli Government itself, of its key content. Yet even if such a plan were not acceptable to the Americans, Israel could still try to fight for it with Washington, for the sake of Israel's security. This, at least, is what senior level U.S. officials between one administration and another tell Israeli visitors.

On the autonomy issue, too, the Americans are not making any a priori repudiation of Israeli ideas. They have objected to most of the draft proposals submitted by Israel's autonomy delegation, but not every idea was turned down outright. For instance, over the weekend, an unofficial U.S. reaction was heard that the alternative suggested by Yitzhaq Rabin in his newspaper interview to the effect that Israel would be willing to examine the possibility of Palestinian autonomy in the West Bank if Husayn rejects all the initiatives, was "an interesting idea, worthy of examination" (it must not be ruled out that this reaction came from Washington). Even if this plan meets with Palestinian opposition, the very fact that the Americans have favored it is of significance, although it is noteworthy that the Americans are only referring to a temporary solution, until the final negotiations are conducted.

The United States expressly wants Jordan as a partner in the negotiations. In Washington they say that they will accept any settlement by Israel that will be also acceptable to Husayn, and the United States obviously prefers Husayn to al-Sadat in resolving the West Bank problem and they consider Jordan a senior

partner in any Palestinian settlement. They will recommend a settlement with the Palestinians only if there is no other choice and when Israel reaches the conclusion that this is the best solution. As previously mentioned, this pertains only to an interim agreement within the timetable determined in the Camp David accords.

If no settlement is achieved, it is doubtful whether Washington will try to force a settlement on us. This is so utterly foreign to American tradition that it is difficult to imagine that Carter would risk such a move even if he were reelected. It is even more unlikely in view of the fact that any forced solution would entail U.S. responsibility for the agreement and for Israel's security. On the other hand, one must not delude oneself into believing that Washington would consent to bear for long the damage resulting from the conflict, of which both public opinion and both houses of Congress have grown tired.

The outgoing [as published] administration officials are surprised that Israel has not as yet come up with an initiative for making Washington side with Israel. Foreign Minister Shamir made a sort of last-minute effort to bring about a dialog between the United States and Israel, but his intentions, though good, came too late. No U.S. leader will start any kind of negotiations or real commitment 4 weeks before the election. Begin's government has forfeited in an unpardonable manner its chance for an early rapprochement with Washington and no matter what Shamir might do he will be unable to change this.

The Americans were also surprised at the fact that the Israeli Government has not attempted to come up with a serious plan for a settlement with Jordan. After all, it is a well established fact that the autonomy plan has been aground for a long time and there are some Israelis, including several cabinet ministers, who would have been willing to explore the Jordanian option. No such plan has reached the Americans, not even a nonbinding draft. The Americans claim that Israel preferred to first "finish business" with the Egyptians, and only then to concentrate on Jordan, but even in the negotiations with Egypt there was a lot of stalling which enraged the Egyptians. These Americans argue that Israel had two options at the time: to implement what was agreed upon with Egypt based on the Camp David accords or to immediately make alternative proposals that can advance the talks. Israel has done nothing to realize either of these two alternatives, nor has it shown any real initiative on the Jordanian issue. It did not submit any plan to the United States for discussion to advance the Washington-Amman talks and prevent the strengthening of the PLO.

Even now, the Americans do not reject the concept of "security borders" in the Jordan Rift Valley. What they are saying is that such a border, and any settlement with Jordan, cannot be considered as an ultimate solution. They see no harm in Israel and Jordan reaching an interim solution that will last several years, so that the bitterness can be mitigated in the meantime and the severity of the conflict reduced--all this provided that no attempt is made to deviate from the Camp David accords of their original content, the Americans argue.

These comments indicate the Americans' adherence to the framework of the agreement, while showing readiness to be flexible toward different initiatives and their implementation, and indicates their determination to bring Jordan into the agreement almost by force. The United States shows some willingness to accept

Israeli plans for a unilateral evacuation of certain sections if only in order to force Hussein to join the agreement. This means that the Americans are putting the onus back on Israel, saying: We are ready to accept any arrangement that the Israelis and the Arabs agree upon and that will dissipate the hostility. We are not interested, nor can we be dragged again and again into delicate tests, which will oblige us to take a unilateral stance, sometimes in Israel's favor, other times with the Arabs. If you assist us in ridding ourselves of this burden, we will even help Israel become an integral component of the strategic fabric of the region. In the meantime you had better know your place, and we shall talk in more concrete terms after 4 November.

CSQ, 4805

PERES VIEWS IRAN-IRAQ WAR, KING HUSAYN

TA081215 Jerusalem Domestic Service in Hebrew 1105 GMT 8 Oct 80

[Text] Labor Party Chairman Shim'on Peres [words indistinct] at a meeting with correspondents on party affairs today, about the war between Iran and Iraq.

[Begin Peres recording] The picture of the eastern front, which is becoming clearer, looks like this: Because of the relations between, let us say, Syria and Iraq, al-Asad is going to Moscow in November [as heard] and they themselves, the Syrians, have already leaked that they are going to sign an unusual treaty with the Russians--one that contains an element of much deeper Soviet involvement than we have ever known anywhere else. Now a set of relations, which it is still hard to define, is about to be established between Iraq and Jordan. Jordan says Iraq is its strategic rear. What interests us is not whether Iraq is Jordan's strategic rear, but whether Jordan is Iraq's strategic rear. We have always said we would not be able to simply accept it if, for example, Iraqi forces enter Jordan. Incidentally, from our point of view there is a difference between Jordan sending forces to Iraq and Iraq sending forces to Jordan and this must be clarified. Now, in my view, King Husayn must be asked what he wants. If he wants war, then, first of all, this must be brought to the knowledge of the public and all the required conclusions must be drawn. [Words indistinct] we have to know if he is preparing for a war with Israel. If this is so then do not let him appear in the United States or Austria or Europe as a peace-lover. If this is true then he is a man who is preparing for war and then, in my opinion, we must also appeal to all the countries of the world and say, here, once more this man is preparing for war. This must not be simply accepted. Of course the following should also concern the United States: that al-Asad is going to Moscow, King Husayn is going to Moscow, King Husayn is making an agreement with the other Husayn, Saddam Husayn, and all of a sudden a Soviet zone of influence will be created here which will include Iraq, Syria and Jordan; if this is the case. [end recording]

CSO: 4805

'HA'ARETZ' COMMENTS ON ISRAEL'S ATTITUDE TOWARD JORDAN TODAY

TA131320 Tel Aviv HA'ARETZ in Hebrew 13 Oct 80 p 5

[Commentary by Ze'ev Schiff: "The Red Line in Jordan"]

[Text] A Middle Eastern absurd play is being performed in al-'Aqabah at the moment. The actors are Iraq and Jordan and the silent, indifferent spectator is Israel. Right under our noses, within the range of artillery fire, military equipment and ammunition are streaming in for the Iraqi Army and its war in the Persian Gulf, a war defined by both Jordan and Iraq as the first stage in a war against Israel, to liberate Palestine.

Israel does not generally need to intervene in wars between Arab countries and there is nothing bad in the fact that they are spilling each other's blood. However, it should be recalled that this rule does not always apply; as witnessed by the military aid Israel gave both to the Kurds against Iraq and to the Christians and others in Lebanon, against the PLO. There have been other instances in which we did not keep our fingers out of the dish, beginning with the Yemen war in the 1960's and going on to our intervention (by concentrating forces) when Syria invaded Jordan. The trend has always been to defend Israeli interests by weakening and distracting the militant Arab factor, by supporting minorities and moderate factors in the region.

The Iran-Iraq war and the Jordanian involvement in it are different from the cases previously mentioned. However, it is important to stress that had this war developed in 1975, when the shah imposed the partition of Shatt-al-Arab on Iraq, Israel would have taken an active stance at Iran's side. Conditions today have changed not only in Iran, but also in Jordan (which at one time enjoyed Iranian military aid in the form of F-5 planes and engines for them). The change has been expressed not only in King Husayn's statement that when the war in the Persian Gulf ends, it will be Israel's turn, but, first of all, in the latest remarks by the head of the intelligence branch of the General Staff, Maj Gen Yehoshua Sagi, to the effect that "it is clear that Jordan is making thorough preparations for the next war with Israel," this is a most grave statement to which, for some reason, no attention was paid.

Now, after the absurd play in which Iraqi ships have been unloading weapons under our very eyes, we ask the question: What country that respects itself and looks after its long-term security as it should would accept such challenges? I am trying to imagine how Ben-Gurion would have reacted if Israel had confronted such

a situation when he was alive. From his vigorous reaction to the possibility of Iraqi forces being stationed in Jordan (during the period of retaliation actions on the eve of the Sinai campaign), it may be assumed that Israel, which was then very much weaker, would have flexed its muscles and shown its teeth. Israel's reaction to the development of the Jordanian-Iraqi axis and the other events in the area teaches us that we have become the good child of the Middle East. We are the only sane party, all of whose moves may be evaluated with absolute rationality. We are a something over which there is no need to take any trouble.

It is right now, when the Arab world has experienced a grave polarization, when several of its flanks have been over-exposed, that it is obvious just to what extent we do not know how to take advantage of an opportunity. If Israel had aggressive aims, it would have taken advantage of al-Assad's regime's weakness a long time ago and struck it. Nor does it take the advantage it should of the PLO's weakness in Lebanon. And when Jordan is dragged into militancy defined by the head of the intelligence branch as a preparation for war, we are as surprised by this development as though it was a question of a war against someone else, not us. I am not trying to claim that taking advantage of opportunities always takes the form of using force. There are also other channels, primarily political ones. For example, this is the right time to speed up the autonomy negotiations with Egypt, by making mutual concessions. With a more credible show of muscles in certain sections of the eastern front, we could achieve rapid compromises in the autonomy negotiations with Egypt.

The Iraq-Iran war could also lead to Iraq finding it difficult to send forces and resources westward, to the front with Israel, for a long time. But even such a possibility, which is positive from our viewpoint, should not release us from setting ourselves a red line in Jordan. When the Syrian Army penetrated Lebanon, Yitzhak Rabin, who was prime minister at the time, claimed that this would weaken Damascus and make things more complicated for it. Nevertheless, this evaluation did not prevent a fairly clear red line, from our viewpoint, from being laid down. This red line was that Israel would not suffer Syrian units to be stationed in southern Lebanon.

This should also be the case in Jordan. As long as the Jordanian-Iraq effort is aimed eastward, at the Persian Gulf, fine. Nor will the rift between Jordan and Syria be harmful. But we must not agree to Iraq, under the guise of a war in the Persian Gulf, beginning to build up a new military infrastructure in Jordan. This, in my view, is Israel's red line in Jordan. This is very much more grave because Iraq is aiming at a military nuclear option. It would be an error on our part to make short-term judgments and evaluations of the situation, based on only the low efficiency of the Iraqi Air Force today.

The development of the Iraqi infrastructure in Jordan began a long time ago, but now is the time to stop or delay it, while Iraq is busy with its war in the Persian Gulf. The military and other aid Jordan is receiving from the Baghdad East countries, and primarily from Iraq, is quadruple what it is receiving from the United States. There are reports that Iraq is even paying for weapons Jordan is purchasing from the United States and France. Visits to Jordan by Iraqi Army leaders, defense ministers, intelligence leaders and air force commanders have been known for some time. All the signs indicate that, parallel

with developing the al-'Aqabah port and the network of highways leading to Jordan, both countries are trying to achieve intelligence and air coordination (directed, first of all, against Israel).

The cat was let out of the bag when the war in the Persian Gulf broke out. The danger, as stated, is that under this guise, Iraqi emergency reserves will be set up in Jordan. It is reasonable to assume that Husayn will opt for the maintenance of equipment for Iraqi armored divisions instead of having the entire division stationed there. Such an infrastructure could disrupt Israel's early warning system and make it easier to move Iraqi forces to our border. In other words, Israel must oppose not only Iraqi forces being stationed in Jordan, but also the establishment of Iraqi military equipment and ammunition stores in that country.

For this reason, it was an error on our part to have accepted the stationing of Iraqi aircraft in Jordan with understanding and unspoken agreement. As soon as we discovered this, we should have signaled Husayn that this was a precedent likely to jeopardize Israel's security. What disrupted and misled both Israel and Jordan was the U.S. intervention in this matter. As soon as Washington took the trouble to let us know about the appearance of the Iraqi aircraft in Jordan, it could be understood that Washington had authorized this. But even if this is Washington's position, it does not fit in with Israel's interests. We should have reacted more sharply and clearly. It would then have been apparent to Husayn what Israel's red line was on the Iraqi issue.

Because we did not make our position clear, matters developed rapidly. Husayn declared that this was the first stage in the expected war against Israel, and ships carrying Iraqi weapons began to arrive at al-'Aqabah. Nor can we dismiss the possibility that at the same time Iraqi troops came to Jordan in the framework of the transfer of the military equipment from al-'Aqabah to their country. Husayn is too exposed to provoke Israel on this issue. In this Iraq cannot come to his aid, nor, certainly, can Syria. It is clear that imposing an Israeli blockade on al-'Aqabah would have aroused the Security Council, which is helpless as concerns the Persian Gulf war. Imposing an Israeli blockade on a country's only port is not something simple, although almost the same thing is happening in the Persian Gulf. But Israel could make it plain to Husayn, who regards the current war as a stage in the war against us, that we will not suffer the entry and anchoring of Iraqi ships laden with weapons in the Gulf of Elat. This signal would be understood and would prevent other precedents.

COMMENTATOR ANALYZES JORDANIAN SUPPORT FOR IRAQ

1A101223 Tel Aviv YEDI'OT AHARONOT in Hebrew 10 Oct 80 Sabbath Supplement p 4

[Commentary by Arve Avneri: "Israel Warned--But the United States Belittled Husayn's Coming Out for Iraq"]

[Excerpt] The leaders of Jordan and Iraq view the war against Iran as a kind of commencement of a political and military struggle against Israel and against American imperialism, in an effort to liberate Palestine. King Husayn, for example, constantly reiterates that the Iran-Iraq war is aimed at redeeming all Arab land--and he makes no distinction between Iranian-held Arab land and Israeli-held Arab land. Husayn even takes the trouble to say, albeit in the form of not very subtle hints, that whereas the PLO is hesitating and is avoiding the adoption of a clear stance on the Iraq-Iran war, Jordan has decided to mobilize all its resources in Iraq's aid.

The PLO is in fact politically embarrassed. Its leaders have declared neutrality on the Iran-Iraq conflict, and this finds expression in the PLO press. A recent editorial in AL-FAJR was entitled "Neutrality--Our Concern." But this fence-sitting by the PLO is not strengthening its standing in the Arab world. The PLO has been weakened, at least politically, in the war's wake.

The PLO leaders are aware of the fact that the Iran-Iraq war has done away with one of their most effective advertising slogans, which they have succeeded in inculcating into many heads worldwide. This war has demonstrated clearly that it is nonsense to say that the Palestinian issue constitutes the main and central cause of the instability in our region. Following the Soviet invasion of Afghanistan, after the struggle between Syria and Iraq and after several other similar developments, the war between the two Muslim states has shown that the Palestinian issue is on the fringes of the region's problems, not at their center.

Moreover, precisely the Iran-Iraq war has demonstrated clearly, in contrast to assertions by the PLO and its supporters, that in the wake of the Camp David accords Egypt is today the most stable country in the Arab world, both politically and militarily. It has also shown that, above and beyond all the talk and showiness of the Saudis and Kuwaitis, the United States is the only country capable of guaranteeing their well-being and their future.

The question that is preoccupying the Israeli defense establishment's heads who are following the partnership being forged between Jordan and Iraq, is whether

that partnership will lead to the establishment of an actual alliance between the two countries. Jordan, at least, believes that its backing of Iraq imposes on Baghdad a large degree of commitment vis-a-vis Amman when it will require Iraqi assistance. Nor does the problem end here. The United States, for example, could support such an alliance on the assumption or hope that they would have influence over it. A parallel calculation could be made from the other side, by the USSR.

Israel cannot acquiesce in the current U.S. approach to the Iran-Iraq war, and certainly not in Jordan's involvement in that war. It has warned Washington that it will not be able to accept the arming of Jordan, which declares publicly that its policy, including its rapprochement with Iraq, is aimed at liberating Jerusalem "from the Zionist contamination" and the soil of occupied Palestine from the Zionists.

One of the molders of Israel's security policy, Deputy Prime Minister Prof Yigael Yadin, said within the past few days: "It must not be forgotten that the declared policy of the Alignment government stated that an Iraqi presence in Jordan constitutes a security threat to Israel. If this was true in the past, this truth is all the more valid today, for what is involved is an emerging alliance between Jordan and a different and new Iraq which is developing, among other things, also nuclear arms." Yadin added that Iraq's ruler had even stated in these days that this nuclear weaponry is directed against Israel. "A situation in which Jordan, which receives U.S. arms, officially supports Iraq, is a new reality in the region which must be of concern to Israel."

The fear is that Husayn's joining the Iraqi camp--which ultimately may prove to be a fatal mistake on his part--changes Israel's situation. Husayn is liable to bring disaster on his own nation--before that, however, he will seriously embroil the regional state of affairs.

At the same time, no far-reaching conclusions should be drawn too quickly, and the present situation, which is still not the final picture, requires a thorough and close examination by Israel and by the entire Western world.

CMH 4805

WEST BANK, GAZA ARABS SAID TO SUPPORT KING HUSAYN'S GULF POLICY

TA101747 Tel Aviv DAVAR in Hebrew 10 Oct 80 p 15

[Commentary by Danl Rubinstein: "'Knight of Arab Nationalism'"]

[Excerpt] The Amman monarch has now forged friendship and all alliance with one of the most radical and revolutionary regimes in the Arab world. For him this is unparalleled patriotic legitimation. The Jordanian regime is now presenting itself as one of the knights of fighting Arab nationalism. To anyone who accuses him of sidestepping the campaign for Palestine, Husayn replies: The war for the Arab territories on the Iranian border is a stage in the struggle to purge the contamination from holy Jerusalem and to liberate the road to Jaffa (quotations from two of his speeches). True, Husayn has reined his relations with Syria, but against the shaky regime in Damascus he now has the backing of Iraq, which can also offer him massive monetary aid.

King Husayn's maneuvers over the past year have strengthened him considerably. Ever since the start of the Arab summit conferences, no one imagined that Amman would host any summit meeting. This is a contribution to the prestige of the host ruler which no one ever thought to accord to Husayn. Just 2 years ago or less people would have laughed if anyone had raised the idea of a summit meeting in Amman. But now for the first time Amman has been selected for a summit meeting—though it is doubtful whether it will be held because of the war on the Iranian border. One way or the other, the selection of Jordan for the summit is a milestone on King Husayn's path, and in the intra-Arab labyrinth of rifts and chaos he finds himself stronger than ever before. This strengthening enables him to gamble on the alliance he has entered into with Iraq.

Against this background it is interesting that Jordan's aid to Iraq is enjoying quite a bit of sympathy in the West Bank and Gaza. In the past it could be asserted with certainty that any action by the Jordanian regime would encounter criticism and abuse among the radical Palestinians residing west of the Jordan. This time, too, a little criticism was leveled at Husayn's involvement in the Iran-Iraq war, but it was minor and quiet. It is quite difficult to come out against the Jordanian monarch, who is about to visit Moscow and who is aiding Iraqi revolutionism. Are these not manifestations of loyal Arab nationalism? Most of those who are termed "national circles" in the West Bank and Gaza are maintaining a quiet neutrality in the Iran-Iraq war, and an Arab journalist from East Jerusalem told me: "In such a case, neutrality or standing aside means support for the side that attacked and conquered." The lawyer Zuhayr al-Ra'is,

who is considered a PLO supporter, published in his paper THE NEW WEEK (AL-USBU'A AL-JADID) an editorial entitled "Arabism Comes First" (that is, not Islam). In this article he asserts that Iran should have recognized the rights of the Arab minority in its territory and given up its expansionist ambitions in the Gulf. It was in the same spirit that Ziyad Abu-Ziyad, an editor of AL-FAJR, wrote a few months ago when he expressed his appreciation for the goals of the Khomeyni revolution.

Obviously, the traditional West Bank leadership immediately expressed its support for Husayn and his aid to Iraq, as did the Muslim religious establishment, one of whose spokesmen a week ago preached a sermon in al-Aqsa expressing support for Iraq and sharply condemning Iranian Islam which, he said, is built "on an American model." The youth and students in Nabulus, Ramallah and Gaza find it difficult to say even one word in favor of Husayn, and during the sermon at al-Aqsa there were even outbreaks of anger at the shaykh who condemned Iran. However, when I asked acquaintances to evaluate the attitude toward Husayn today in the territories, I was told that this is perhaps the first time in a long time that fairly broad support exists for Amman's policy, support based also on the enhancement and strengthening of Jordan's standing in the Arab world.

In the near future we shall be able to judge whether King Husayn has succeeded in directing his steps well. In the meantime, he is benefiting from the distress of the PLO, which has been paralyzed in Lebanon, from al-Asad's troubles, from al-Sadat's isolation, from the fears about internal stability in Saudi Arabia; and he is positing himself as a solid strategic rear for the war which Iraq is presenting as the war of the Arab nation and Arab nationalism against the aliens who harm it.

CSU: 4805

ADDITIONAL 10 MILLION SHEKELS ALLOTTED FOR GOVERNMENT OFFICES

TA190926 Tel Aviv HA'ARETZ in Hebrew 19 Oct 80 pp 1, 2

[Report by El'azar Levin, economic affairs correspondent: "In the Midst of the Deliberations on Government Budget Cuts, the Treasury Decided To Allocate an Additional 10 Million Shekels To Build Offices for Government Officials in the Capital"]

[Text] The treasury has recently decided to spend 10 million shekels beyond the budget allocation to build offices for government officials in Jerusalem. This was approved by the Knesset Finance Committee in the midst of the deliberations on cuts in the government's budget.

Among other things, this involves an expenditure in excess of the estimated 2.8 million shekels for the office building in al-Shaykh Jarrah designated for the prime minister's office. It now appears that the construction of this building will cost 16.8 million shekels and not 14 million shekels, as called for by the original plan. Also, further expenditure involving several million shekels will be necessary in order to rent an office building on Mamila Road from the "Karta" company and renovate it for the office units to be transferred to Jerusalem. It is not known which units are in question.

The following are the special extra expenses recently approved by the Knesset Finance Committee at the request of the treasury:

--A dormitory in Bet Al: Private individuals have been building a 20-room dormitory in Bet Al near the Hesder Yeshiva there. The dormitory will cost 2 million shekels, or 100,000 shekels per room. This is heavy expenditure given current market prices. Treasury Director General Ya'akov Ne'eman personally approved a government allotment of 500,000 shekels to finance part of the construction work. (This he did jointly with the Construction Ministry's director of the rural building and new settlements department.) The rest of the money will be raised by donors in Israel and abroad. The Finance Committee was not told why the construction work is so expensive.

--Commemorating [Irgun leader turned communist] Moshe Sneh: On 4 November 1979, a few days before he resigned from the treasury, Simha Ehrlich approved a government allocation of 5 million shekels for the establishment of a fund to commemorate Moshe Sneh. Contrary to this pledge, the funds for this were not included in the state budget as presented to the Knesset. Now the treasury is

asking the Knesset committee to approve the transfer of half the sum, or 250,000 shekels. The nature of the commemoration fund, the name of its director or that of the person who would be responsible for the money were not provided.

--The Sede Boqer College: The college encountered a deficit because the Ben-Gurion University at Beersheba did not fulfill its promise to transfer 660,000 shekels to finance the college's Negev Studies Institution. The college approached the treasury with a request for aid and the Finance Ministry agreed to provide it with all the necessary funds.

--Fencing at Qalandiyah: Stones have been thrown at cars driving along the road near the Qalandiyah School. It was therefore decided to build a fence to prevent disturbances. How much erection of the fence will cost is not known, but the coordinator of activities in the territories is known to have allocated 25,000 shekels toward it.

--Patrols in the territories: It was decided to set up a patrol comprising three supervising teams--six people altogether--to guard state land in Judaea, Samaria and Gaza since there was constant penetration into those plots for the purpose of cultivation and residence [by Arabs and Bedouin]. The establishment of the patrol will cost 400,000 shekels annually, but this includes its communication equipment costs.

--Savings in the police force: Now that al-'Arish has been returned to Egypt, police activity in northern Sinai has been limited. It was subsequently decided to freeze 15 Israeli positions and 62 local positions. The 1.3 million shekels that have been saved will be kept in reserve. This sum may, in the future, be returned to the police budget.

USO: 4805

CABINET DECLARES 14 PALESTINIAN ORGANIZATIONS TERRORIST

TA131033 Tel Aviv 'AL HAMISHMAR in Hebrew 13 Oct 80 p 2

[Text] The cabinet decided yesterday to declare that 14 Palestinian organizations are terrorist organizations, as required in accordance with the amendment to the Order for the Prevention of Terror. The declaration is intended to determine which are the organizations in which membership is a crime.

Justice Minister Moshe Nisim, who brought the list of the organizations to the cabinet for approval, said that the cabinet declaration applied to these organizations, their branches and their affiliations, even if they are known by other names. The list of organizations was prepared by the government's legal adviser, Prof Yitzhak Zamir.

The organizations declared to be terrorist organizations yesterday are as follows:

The Palestinian Liberation Organization (PLO), the Palestinian Rejectionist Front, the Palestinian Liberation Army (PLA), the Palestinian National Liberation Movement (FATAH), the Popular Front for the Liberation of Palestine (the Front, Chabash), the Democratic Front for the Liberation of Palestine (Hawatimah), the Pioneers of the Popular Liberation War (As-Sa'iqah), the Popular Front for the Liberation of Palestine (the General Headquarters), the Arab Liberation Front, the Palestinian Popular Struggle Front, the Palestinian Liberation Front, the Abu Nidal branch, known as the "Liberation Doves," the (Wadi') Haddad branch, known as the "Arab Organization of 15 May" and the branch of Najl (La'alush) known as the "Arab Popular Liberation Movement."

CSO: 4805

DISPUTE OVER DEFENSE BUDGET UPDATED

TA071441 Tel Aviv HA'ARETZ in Hebrew 7 Oct 80 p 1

[Report by military correspondent Ze'ev Schiff: "New Dispute Over Updating of the Defense Budget: Defense Ministry Demands 5 Billion Shekels, the Treasury Is Willing To Allocate Only 3 Billion"]

[Text] A new dispute over the defense budget occurred recently after the Defense Ministry demanded an additional 5 billion shekels from the treasury to compensate for this year's price hikes. The treasury recognizes in principle the demand for covering the price hikes but argues that the Defense Ministry is demanding some 10 billion Israeli pounds [as published] beyond the estimate, and this may cause the economy to once again enter an inflationary spiral.

When the 1980 defense budget was determined, the Defense Ministry and the Finance Ministry agreed on an arrangement according to which the IDF and the defense system would be compensated for the rising prices in the economy. According to the agreement, the defense establishment will be compensated during the first 6 months of the year for all the price hikes. It was also decided that compensation for the last 6 months will be for 80 percent of the price hikes. According to Defense Ministry calculations estimating that this year's inflation will reach 137 percent, the ministry demands an additional 5 billion shekels. In addition, the defense establishment is requesting 220 million shekels--which it claims it is entitled to--for the project of IDF deployment in the Negev.

Contrary to this demand, the treasury is offering the defense establishment a sum of 4 billion shekels for the price hikes. The treasury intends to subtract 900 million shekels from this amount that have been cut from the defense budget by a cabinet decision, so that the amount the treasury is willing to allocate to the defense establishment is 3 billion shekels.

As regards the demand to pay 220 million shekels for the Negev deployment project, the treasury officials replied that the project in question has not yet been realized, and they will be willing to discuss this topic only after the IDF starts implementing the project.

CSO: 4805

RELIGIOUS AFFAIRS MINISTER ISSUES STATEMENT

TA082013 Jerusalem Domestic Television Service in Hebrew 1900 GMT 8 Oct 80

[Excerpts] Religious Affairs Minister Aharon Abu-Hatzera was interrogated today at National Police headquarters for 5 hours. It is not yet clear whether the minister will be summoned for another interrogation. On this, our police reporter Dan Semama:

[Semama] For 5 hours Religious Affairs Minister Aharon Abu-Hatzera was interrogated today in an office at National Police headquarters in Jerusalem. The religious affairs minister arrived in his office about 2 hours ago, and, following a consultation with several of his advisers and with his lawyers, he issued the following statement for publication. I shall now read the statement.

For some months now a campaign has been conducted against me in the media, entirely based on gossip and slanders. This campaign, which is totally unprecedented in the annals of the country, and for which there is no place in enlightened states, included character assassination, deliberate leaks and a witch hunt, nor did any of this fail to omit my friends and the members of my family.

I saw no point in reacting to all the reports in order not to adversely affect the investigation, despite the suffering which was my lot. I have much to say on the manner and content of the investigation and on its character, on being judged before being tried and on the search for libelling state's witnesses at any price. But even now, this is not the time to say everything I have to say on this subject.

After my legal advisers were told that the police wanted to question me as a suspect. [as received] Like any other citizen, the law accords me the right to refuse to reply or respond to the suspicions. But I chose to appear, nonetheless, before the police and to respond to all the accusations. I appeared before a team of police investigators, which included Deputy Commander Binyamin Ziegel, in two meetings which together lasted for 9 hours. I requested and was given details concerning the accusations, and in these meetings I reacted to all the accusations.

During these many hours I gave my version and my explanations for all the accusations raised against me. I also replied to many questions on various and diverse subjects. Following these many hours of interrogation, I informed the interrogators that since we were dealing with questions that contain only gossip, I see no point in the continuation of these talks.

That is all from the Religious Affairs Ministry.

COMMENTATOR DISCUSSES GOLAN HEIGHTS ANNEXATION

TA051041 Tel Aviv HA'ARETZ in Hebrew 5 Oct 80 p 9

[Article by Dan Margalit: "The Golan Heights Syndrome"]

[Excerpts] Today a new round--perhaps the final, decisive round--opens in the struggle for the application of Israeli law to the Golan Heights. The timing of the meeting in Upper Galilee is not accidental. A week before the opening of the new Knesset session the [Golan Heights] lobby wishes to remind most of the MK's that they signed a petition calling for the annexation of the Golan. They are now being called upon to support by legislation the circulars they signed.

There is a difference between the parliamentary struggle that preceded passage of the Jerusalem Law about 2 months ago and the campaign over the future of the Golan. Jerusalem is focused at the heart of the national consensus. The Golan Heights is a borderline, perhaps even a fringe issue, within the framework of the general agreement. The Jerusalem Law showed that the debate among the Zionist parties was not substantive but centered on matters of formulation and timing. With respect to the Golan Heights, a substantive dispute is possible. No less important is the fact that the struggle over annexation of the heights is getting underway after Israel's experience with the Jerusalem Law. True, if annexation is decided on there will not be 12 embassies pulling out of Majdal Shams; but international activity at the United Nations and in other institutions will be similar to that which accompanied the passage of the Jerusalem Law.

Even the lineup of legal-historical arguments is not identical. Prime Minister Menahem Begin reminded the State Department that it was the United States alone that determined the location of its capital, and the same goes for Israel in Jerusalem. He cannot base himself on this kind of reasoning when what is involved is the unilateral application of Israeli law to a territory like the Golan Heights. The Americans, who unwillingly confirmed Begin's legal argument on Jerusalem, disagree with him when it comes to unilateral annexation.

In certain ways the Golan issue is more interesting than the Jerusalem Law. Internally, it will focus attention on the Alignment faction, because the political forces and the economic interests participating in the current struggle derive their inspiration from political events in the Labor Party and from various sections in the Moshav and Kibbutz movements. The Tehiya movement's Ge'ula Kohen is no longer the "national leader" on the Golan issue, as she was on the Jerusalem Law issue, but only a detonating fuse.

The majority of the Labor Party establishment committed itself to supporting the annexation of the Golan, and all its leaders are bound (imprisoned) to documents confirming this. Now a Labor Party group has arisen that believes there is no need to annex the Golan, but because of previous commitments finds itself unable to contest the issue employing arguments of principle. It must justify its retreat from its original position with the awkward claim that the timing for the Golan's annexation is inconvenient. As party political debates in Israel have demonstrated, the timing argument constitutes a narrow base, which is not always sufficient to curb political initiatives based on popular demands.

The difficulty is that the internal relations in the Labor Party do not allow its MK's to reformulate their stand and to object to the annexation in unison. Shin'on Peres may oppose the Golan's annexation, but will Yitzhak Rabin, who depends on the support of the Kibbutz Hame'uhad movement? It is precisely the Kibbutz Hame'uhad movement that is conspicuously represented in the agricultural settlement on the Golan. It is clear that if the Golan annexation issue slides into the vale of tears of the Labor Party's internal debate the Alignment faction will not be able to come out against the proposed move, and this may even lead to the opposite result: that both camps will be quick to support the annexation on the assumption that it is popular, and they cannot "allow themselves" to be on the other side.

Clearly, considerable opposition to the annexation is to be expected. The doves will call for the settlement of the Golan, not its annexation. The position of the Druze there is not uniform. It is probable that the Foreign Ministry and other institutions dealing with the problems of the Middle East will seek to take into account Syria's delicate position in its hostility to Iraq and Damascus' indirect influence on the Baghdad-Tehran conflict. The discussions on the Golan's annexation will take place not only in the Knesset's Constitution, Law and Justice Committee, but also in the Foreign Affairs and Security Committee, which will gauge the effect of the annexation on the relations developing in the Middle East subsystem in the context of the conflict between Iran and Iraq.

When all is said and done, even those favoring the annexation realize that its implementation at this time is liable to create a new anti-Israel focus of tension, precisely in the midst of the conflict in the Persian Gulf in which Israel has no part.

At this stage the prospects of the opposition to the annexation are unclear. They will apparently depend on the energy and effectiveness involved and on the ability to constantly bring up the results of the Jerusalem Law.

CSN: 4805

'HA'ARIV' ON WEST BANK'S ECONOMIC PROSPERITY

TA051328 Tel Aviv HA'ARIV in Hebrew 5 Oct 80 p 13

[Article by 'Amos Levavi: "The West Bank: a Taxless Land Bursting With Money"]

[Text] "It is good to be an Arab resident of the West Bank today. They pay (virtually) no taxes and pay no municipal taxes (at all). Every order or law relating to taxes is accompanied here by political calculations," explained military government personnel who are in charge of tax collection in the territories. "The law prevailing in Judaea and Samaria is the Jordanian law, and where taxation is concerned, it is easier."

In the West Bank you will find goods at half price. People will tell you that they pay no taxes, that their businesses are flourishing and they have food in abundance. If you win their confidence they will reveal to you that many stolen goods find their way from inside the green line to the territories, that black capital can easily be exchanged with Nabulus money-changers (who do not balk at trading in stolen gold, either) and that a house can be built on any hill overnight.

About 4 years ago, when VAT was introduced inside the green line, an added customs tax was introduced in the West Bank. More precisely, an attempt was made to introduce it. "International law bans the imposition of taxes in administered territory, but allows the expansion of existing taxes," the military government personnel explained. Therefore, an added customs tax was decided on, but the attempt to impose it on the residents of the territories was accompanied by violent disturbances. The result, the military government personnel admitted, was "minimal application."

The law was applied gradually. First of all its existence was made public. Slowly, the businesses were registered--14,000 all told. Then taxes began to be collected from them according to declarations and calculations. And then came the Camp David peace talks, and the application process was frozen. Today, too, full tax is not collected. "We also have manpower problems," the military government personnel explained and refused to state the number of tax collectors in the territories.

The other two taxes that are "collected" in the territories are income tax and municipal property tax. Income tax is, by Jordanian law, very low. But even this little bit goes virtually uncollected in the territories. The entire income

tax is supposed to be transferred to the military government. Property tax is "collected" by the military government, 90 percent of it going to the municipalities and 10 percent to the military government as administrative fees.

"This system is problematic," the military government personnel reiterated frankly. "The tax rates have hardly been raised, but the main problem is the low motivation of the local clerks to collect taxes for the military government. The local clerks are afraid and are considered by their brethren to be collaborators with the authorities." The tax collectors in the territories are local Arabs. The result: negligible collection. "We are going to have Jews do work in the field also, and not just in administration," the military government personnel promised.

In the past 6 months the tax collectors in the territories have succeeded in collecting 60 percent of the estimate. How much money is involved? What was the estimate? Silence. "Delicate political considerations accompany tax collection in the territories," the military government personnel explained. "It is difficult to check the tax evaders. Declarations of capital may not be demanded in the West Bank, and the vast sums of money flowing in to the West Bank from the United States, South Africa and the Persian Gulf states make any examination of the 'assessments' difficult. Therefore, there are no examinations. The West Bank is bursting with money," the military government officials stressed.

The key question is: What happens to a relatively small place that is "bursting with money"? Does the money flow into Jordan? Into Israel? Or does it perhaps remain in the West Bank?

"We have full control today over the money that comes in via the bridges. There is no emergent tendency of the money being drained from the West Bank into Jordan," the military government personnel asserted.

Nor does the money enter Israel in any significant amount. Thus it remains in the West Bank, awaiting an opportunity to burst out. In the meantime it is waiting, mainly in dollars, gold and Jordanian dinars (the Jordanian dinar, a relatively hard currency, is legal tender in the West Bank). Israeli security men carrying out a search in a poor-looking house in some remote village are often surprised to find tens of thousands of Jordanian dinars inside a door serving its owner as a bedboard. "Hiding dinars in doors is a usual method," said security men.

Once a month the official rate of the dinar in the territories is published (not every day, as is the case inside the green line). The residents of the areas have come to know that their shekels buy fewer dinars at the end of the month. Therefore, when they receive their wages, they rush to the money-changers to exchange their shekels for dinars. "Money-changing is legal in the territories. Therefore, it is flourishing. The money-changers deal also in stolen gold. This is a dark business," said the military government personnel.

The banks in the territories have been closed since the Six-Day War. Although Bank Le'umi and the Israel Discount Bank have opened a few branches, the residents of the territories are afraid to deposit their money in a Jewish bank.

There has recently been an increase in the number of residents of the territories who deposit money in Jewish banks but the number is still negligible.

Finance Ministry officials heard about the "Vaduz Paradise" in the West Bank and held their breath. They knew about the existence of a legal loophole which enabled an Israeli firm to shift its location from Tel Aviv to Nabulus and enjoy extensive tax benefits which are enjoyed by firms in the territories. "Surprisingly, the West Bank did not become Vaduz. Apparently, the place is not safe enough. After all, it is not a country," say the military government officials. In 1978 the loophole was sealed: A law was instituted saying that what applies to an Israeli firm within the bounds of the green line applies also to an Israeli firm in the territories.

But the possibility exists--and there is proof of its application in practice--of "silent partnerships." A wealthy Jewish contractor, investing a vast sum, places it in the hands of an Arab in the territories, who sets up a plant in his name alone. The risk is that the Arab will disappear after the plant's establishment; but a Jew entering into such a deal does not exactly solve his problems in a court of law, as the Arab well knows.

Only 25 percent of the tax potential is collected in the territories, and the military government personnel admit frankly: "There is no strict application of the tax laws in the territories. It is easier to arrest the treasurer of the Tel Aviv municipality than the treasurer of the Nabulus municipality."

The treasury understands the problem and forgoes much money. Experts have calculated that if the treasury were to apply Israeli tax laws in the territories, the collection would decline even more, and possibly nothing at all would be collected. "The collection would cost several times as much as the amount that would be collected," the military government officials say. "This is a storm, but this storm does not affect the country as a whole. If an aquarium in an apartment has storms and waves does that affect the entire apartment?" they ask, and themselves reply with a resounding no.

Nonetheless, the storm in the aquarium is liable to cause damage to the apartment. Water could spill on the carpet and splash on the walls. It is possible that the storm in the "Vaduz of Israel" is not yet being felt but its effect is great and penetrating and the Israeli underworld has discovered the treasure hidden 20 km from Netanya.

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PUBLIC UNDECIDED ABOUT BEGIN'S STRENGTH

TA060947 Tel Aviv HA'ARETZ in Hebrew 6 Oct 80 p 3

[Pori public opinion poll: "Forty Percent: Begin Is a Strong Man; 40 Percent: He Is Weak, Gives Way to Pressure"]

[Text] The Israeli public has divided opinions about the personality of Prime Minister Menahem Begin. About 40 percent think that Mr Begin is a strong man who knows how to insist on what he wants and about 40 percent hold views to the contrary, that he is a weak man who gives way easily to pressure. This emerges from a Pori Institute nationwide public opinion poll conducted at the request of HA'ARETZ.

When asked: "What do you think about Prime Minister Menahem Begin: Is he a man who knows how to insist on what he wants when this is necessary, or does he give way easily to pressure?" 41.8 percent said he is a man who knows how to insist on what he wants when this is needed and 40.7 percent replied that he is a man who gives way easily to pressure.

Another 6 percent said this depended on the "situation," the "circumstances" and the "strength of the pressure."

The remaining 11.5 percent said they "did not know" what sort of a man the prime minister is.

An analysis of the findings according to the class of people interviewed proves that it is the younger generation born in Israel or originating in the Asian and African countries who are more prominent among those who think that Mr Begin is a strong man, while it is the older people, those who have lived in Israel since before the state was established and those originating in the countries of Europe and America, who think that Menahem Begin is a weak man who gives way easily to pressure.

The poll covered a representative sample of 1,200 men and women interviewed personally throughout the country.

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POLLS SHOW MORE CITIZENS BELIEVE GOVERNMENT SHOULD RESIGN

TA031731 Tel Aviv MA'ARIV in Hebrew 3 Oct 80 p 18

[Fifth in a series of pollster Hanokh Smith's "Election Forecasts": "The Number of Persons Who Believe the Government Should Resign Has Increased"]

[Text] As the public opinion polls of the Smith Research Center published in the four preceding articles indicate, the public has expressed increasing dissatisfaction with the functioning of the government.

In the period between May 1979 and September 1980 the Alignment's support has increased considerably compared with the Likud. Among Jewish voters the Alignment leads with 40 percent, compared with 18 percent given to the Likud, while among the public at large 37 percent prefer the Alignment, compared with 15 percent for the Likud. Throughout this time the number of voters who have not decided, however, is still 15 to 20 percent of the total and this remains the decisive vote. The percentage of persons who believe Prime Minister Begin fulfills his duties well has also dropped over this period, from 59 percent in May 1979 to 40 percent in February-March 1980. In our latest poll in August-September Begin's popularity slightly rose to 41 percent.

Still, the dissatisfaction is more profound than that reflected in these public opinion polls. While in our latest poll 30 percent said they would vote for a coalition party (the Likud or the National Religious Party), only 17 percent maintained that the government was functioning well at all or rather well. This means that the voters who will vote for a coalition party will do so notwithstanding the fact that they believe the government is not successful. This fact, combined with the high percentage of voters who remain undecided, obliges us to examine further questions.

In view of the relative dissatisfaction with the government's functioning, a question is asked: How is this fact reflected in terms of the voters' will to replace the government?

The data providing an adequate answer to this question are those referring to the public's willingness to continue with this government or wishing for its resignation. In the past three polls a question was asked: "Do you believe that in view of the recent developments the government should resign or continue in its office?" Three alternatives were suggested: The government should continue until the next elections: the government should continue but more ministers

should be replaced; or the government should continue but more ministers should be replaced; or the government should resign. Here are the results of these polls:

Should the government continue or resign? [figures in percentages]

<u>Date of poll</u>	<u>Government should continue as it is</u>	<u>Government should continue but some ministers be replaced</u>	<u>Government should resign</u>	<u>No opinion</u>
September 1979	28	31	34	7
February-March 1980	28	31	34	7
August-September 1980	30	17	48	5

In the light of the other findings, these results seem somewhat surprising. This is not a typing error. The polls of September 1979 and of February-March 1980 show identical results and they show clearly that to a certain extent the public is not inclined to replace his current government. In spite of the fact that only one voter out of four in the September 1979 poll and only one voter out of five in the February-March 1980 poll thought that the government was successful or rather successful, only just over one-third of all the voters in the polls thought that the government should resign. Almost as many among the voters thought the best solution would be replacing several ministers in the existing government.

What is the cause of this trend among the voters? If the government is functioning so badly why, at least, do people not want to replace it?

A partial answer to this seeming contradiction in the national Israeli political character could be accounted for by the voters' conservatism. We have a long tradition of stable governments. We may like it. Though the political structure resembles that of Italy, where cabinets fall at the rate of one a year, we may actually prefer the U.S. system in which administrations are replaced at pre-determined dates.

The data may also point to another eventuality. The Likud has in fact more support than meets the eye, and many of its supporters in 1977, though disappointed with its functioning so far, still hope things may improve. However, this explanation may account for just a small fraction of the vast discrepancy between the public's dissatisfaction and the wish for the government to resign.

The explanation is largely due--and we have no means of weighing the alternative causes--to the unwillingness of the voters to support existing alternative parties. Regarding the small existing parties there is a clear evidence of that: In spite of the present degree of dissatisfaction with the cabinet, none of the small parties attracts more than 2 to 3 percent at the most and some do not even attract the minimum of 1 percent required for the representation in the Knesset. A good case in point is Professor Yadin's party, the Democratic Movement for Change: At this point in time the voters opted not to see it as an alternative.

There is an obvious trend to see the Alignment as the only feasible alternative. It appears, however, that the main reason for this moving toward the Alignment, is the opposition to the existing government, not the attractiveness of the alternative. As pointed out in the second article in this series, this is normal reaction in years in which elections are not held. The opposition enjoys the mistakes made by existing government without having to be very active in enlisting support.

Yet the polls in September 1979 and February-March 1980 showed that a considerable number of the new supporters of the Alignment at that time did not then want to bring down the existing Likud government.

In the recent poll however, a sharp change on this issue is seen. All of a sudden there has been a tilt when 14 percent of the voters who considered the change of ministers as a solution, moved over to the camp of those who think the government should resign. At present, about half of the total number of voters want the government to resign. The alternative that the Alignment is representing has not only more votes but has more persuasiveness as well.

It is obvious that something has changed and it is worthwhile to examine, according to the data emerging from the Smith Research Center, what could have produced such a change now that we are entering an election year. Many variables that have not been examined in public opinion polls may account for the change in attitudes. One thing is clear and simple: We all know that we are entering an election year and it is too late now to solve fundamental problems by replacing more ministers. It may be better to replace the entire government.

Yet the data indicate that there may be some other explanations. The most important data refer to the assessment of the government success in foreign affairs. From the February-March poll to the August-September poll of the current year, there has been a decline in the percentage of those who thought that the government was successful or largely successful in foreign affairs from 31 percent to 20 percent (compared to 59 percent in May 1979). Although Prime Minister Begin has not sustained a loss in his personal popularity as prime minister other data have indicated that only 16 percent of the total number of voters agreed with the prime minister on foreign affairs; there were more voters who agreed with Dayan, and almost an identical number agreed with Weizman, Eban and Rabin. Only 20 percent thought that the new foreign minister, Yitzhaq Shamir, was doing a good job. Another major event that occurred in the period under review was the approval of the Jerusalem Law. Some of the reactions to this law, including the transfer of embassies to Tel Aviv, occurred during the period when that poll was conducted. The reaction of the respondents to these events was twofold. On the one hand there was an angry reaction of the public, and as a result a toughening of the positions regarding a settlement in the territories and a closing of ranks of the prime minister's faithful supporters. On the other hand there was a reaction against the government that was considered to be responsible for what appeared to be a worsening of Israel's international position. The result was that many of those who formerly considered the replacement of ministers as a possible solution, went over to the camp of those who wished the government to resign.

But there is another aspect to the situation, namely, the socioeconomic aspect. The percentage of those who thought that Yigal Hurvitz will succeed or partly succeed in his plan for curbing inflation and for the recovery of the economy, has dropped by 15 percent in the period between the two polls from 50 to 35 percent. The personal popularity of Hurvitz and of Minister David Levi, who is active in the same fields, has also dropped considerably. Part of this public may have reached the conclusion that Hurvitz' chances of success were nil.

Two major changes in public opinion regarding the evaluation of the government's success, as measured in these two polls, the decline in the percentage of people who think that Israel's foreign affairs policy is successful and that Hurvitz' economic policy is effective, should be seen as compatible with the increase in the number of persons who want the government to resign.

Whatever the complete explanation, there is still a discrepancy between those who believe the government's work has been unsatisfactory and those who want the government to resign, a feeling prevalent among many voters who are undecided, and among other voters.

How does the picture appear as presented in this series of articles, as we enter an election year? Do these polls indicate what could happen during the election year?

The polls show us what the opening positions would be, and a little more than that. The Likud popularity has declined as well as the popularity of its ministers. But this party is still holding power and Prime Minister Begin is still enjoying considerable personal support. This fact gives the government a chance to try and reverse the trend. It may be a very difficult task but it is not impossible.

Notwithstanding its large lead the Alignment is encountering difficulties as well: 1) Because it is in the opposition it is unable to control events, and 2) it has to begin attracting new supporters by positive actions, plans and personalities. Many persons among these new supporters have given the Alignment their provisional support mainly as a reaction to their disappointment with the existing government. Unless it significantly increases its attractiveness, the Alignment will find it difficult to continue enjoying its present rate of support or attract voters from the large group of voters who are undecided.

The religious parties have the most constant success. The voting for these parties seems to remain stable, irrespective of the political climate.

Little change is expected in the voting for the religious parties, which was an average 14 percent in the nine Knesset elections. These parties encounter new difficulties as well, particularly those stemming from the Abu-Hatzera affair. It seems however, that their position was less undermined by the recent events.

The small parties are facing a difficult situation. Those represented in the Knesset will continue to exist but the obtaining of more extensive support will not occur. The promise of "the new look" in Israeli politics that the Democratic Movement for Change held up proved to be nothing but sand in the wind. The

scattered remnants of Yadin's movement do not have even one seat in the Knesset, according to public opinion polls. The "inheritance" of the Democratic Movement for Change was that the voters are very careful now in supporting new parties. A new party, if it wishes to be successful, will have to work much harder than just to present new faces, or old faces in different locations.

Finally, there are the undecided voters, whose proportion of the total remained throughout the year at almost one out of four. In the recent elections many voted for the Likud; others, who represent a factor that does not wish to vote for the Alignment now, voted for the Democratic Movement for Change. A smaller number of undecided voters came from among religious parties, the small parties or are new voters. There are even people who voted for the Alignment in 1977 who have not decided how to vote as yet because of the internal conflicts in the party.

This group will determine more than any other the final results. It may turn the 1981 election into a close run or give the Alignment a smashing victory. It may also develop new parties, which will serve to tip the scales one way or another. Persons who believe the 1981 election has already been decided are deluding themselves.

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'HA'ARETZ' COMMENTS ON ATTEMPT TO MUZZLE IDF GENERALS

TA061101 Tel Aviv HA'ARETZ in Hebrew 6 Oct 80 p 9

[Commentary by Ze'ev Schiff: "Who's Afraid of an Argument About the IDF"]

[Text] Anyone juxtaposing the verbal barrage from some of our ministers and leaders with the criticism by one of the IDF's most important generals, Dan Shomron, of the size of the standing army and the inflated dimensions of the general staff and how the defense budget is being used is making his work easier if he does not understand the substance of what is going on. Although these may appear to be similar, this is not the case. The leadership's verbosity is not new. It typifies the current administration. But its predecessor was also not notable for reticence. It is sufficient to remember the wave of criticism leveled at former Prime Minister Yitzhaq Rabin, following an interview in HA'ARETZ about the interim agreement he signed with Egypt, as being intended to lead to a split between Syria and Egypt; incidentally, a move proved to be correct. Begin loves telling about Israel's aid to minorities and the underground links we have maintained with these bodies. He also made public details of the dimensions of the aid we are giving the Lebanese Christians. He is not the only one doing this. Was it not former Foreign Minister Moshe Dayan who disclosed--without having coordinated this with the prime minister--that we were supplying the Ethiopian Army with bombs? (And it was immediately after this that the Israeli delegation was expelled from that country.) In the same way, Begin has now revealed the matter of the aid given at one time to the Kurds. I do not think Begin said this on the spur of the moment. A proof of this is the fact that foreign correspondents and television crews were also invited to the tour of the educational institution [where the remark was made]. This was intentional; it is only a pity that practically nothing was said about the educational activities in the IDF.

If the disclosure of the aid to the Kurds and the Christians can be explained as being a single trend, it is hard to understand the contradiction between the various statements about Iraq's nuclear reactor. At one time Deputy Defense Minister Mordekhay Tzipori came out with an inflated declaration that Israel would do all it could to stop Iraq from implementing its intentions in this field and, if political moves would not help, we would consider other ones. Begin did not like this statement and even commented on this to Tzipori. There was silence for several months until the Iran-Iraq war broke out. In the course of the fighting there was an attempt to hit the reactor from the air and it was only natural that after such statements there would be those who would try to hint that Israel had had a hand in the affair.

The fact that the chief of the intelligence branch, Maj Gen Yehoshu'a Sagi, invited the Iranians three times to hit the Iraqi reactor did not detract from the suspicion and perhaps even reinforced it. But a completely contradictory Israeli statement followed the accusation against us. That is a libel--official spokesmen said, including Deputy Minister Tzipori. They almost added, a blood libel. It may be that Israel's spokesmen do not understand what they say--even in Hebrew!--but, in any event, the meaning is that a strike at Iraq's nuclear reactor is inconceivable, it is not nice.... It will be interesting to see what they are going to say now, after Iraq's official paper has written that the reactor is in fact aimed against Israel, not Iran.

To combine these statements with the important argument over the future of the IDF and what our army will look like in the 1980's is an insult to logic. Unfounded things have been said about the circumstances of the interview with Maj Gen Dan Shomron, but before we deal with them, I would like to recall a period when the IDF was considered to be a "sacred cow" and it was forbidden to even argue about what was going on in it.

After the Yom Kippur War, Israel was washed by a wave of criticism of the various blunders and the way in which various negative phenomena developed. Criticism was leveled at the military censorship which had not permitted things to be published; at the press for not having been courageous enough to violate the censor's orders and let things out; at former, regular and reserve army personnel for not having told, not having raised doubts and not having argued about why we did not know in advance. Why was there no argument about vital security issues, as there is about political and economic ones? (By the way, in these fields, where there is not censorship, I did not, for example, read anything about the expected oil embargo or Israel's expected political downfall in Africa and elsewhere.) It was claimed that the public needed to know about the argument over the Bar-Lev line and the defense of Sinai. The public certainly needed to know more about the state of the emergency depots, for example, or the level of supervision and strategic-political issues. The opinion was that in the future the IDF was not to be allowed to be treated as a sacred cow and there were even proposals to cancel military censorship altogether. These voices were raised again after the Litani campaign.

However, it transpires that many people prefer to deal in slander and gossip about the IDF, to quote something they heard from a son in the army or a friend on reserve duty, but not to check the sources. Many people do not want an argument about the IDF and prefer not to deal with substantive security issues. They feel these things should be dealt with in inner sanctums. The Yom Kippur War and its circumstances have been forgotten. The military censorship is generally more liberal and open than it was in the past, but there is almost no argument. We are standing at the beginning of a nuclear era in the Middle East, but even on this fateful topic, argument is marginal and restricted.

There is no better example of this than how the defense budget was dealt with. Despite Israel's sorry economic situation and the fact that the defense budget is Israel's heaviest burden, the sides did not succeed in conducting an efficient argument about the IDF's structure and the security views dictating our large outlays. Even a provocative comment by Minister Sharon that the defense budget

could be cut by 20 billion Israeli pounds was left without a genuine answer. To this day the treasury claims that it does not know from where the IDF intends to cut the 9 billion decided upon and that it is not true that the standing army will be cut, it will be increased by thousands of men. Instead of an argument, we have heard from the chief of staff and other generals that before arguing about the defense budget it would be preferable for the country's captains to tidy up their own homes as to the way they conduct the economy.

It is clear that the longer the argument is postponed, the more pointed and painful it will be. Because of this I found it very important that an IDF general was prepared to speak about the process of making decisions connected with enormous expenditures (the Lavi plan), the size of the standing army and the number of officers in the IDF. It is not the professional details of the ground forces headquarters that are important, but comments about the danger to our will to fight and the fact that we should know details about what use is being made of the enormous funds the state is putting at the disposal of the defense budget. This is also important because the remarks represent a sort of platform of a general who is one of the candidates for the post of chief of staff and it is good to know that there are different approaches and proposals in these vital fields. From this viewpoint, the interview with Major General Shomron was a welcome precedent and the same thing applies even if another paper, not HA'ARETZ, had aired his remarks. Dan Shomron did not speak about political issues, nor was he interviewed without permission. In the interview with him, he dealt with professional, security issues.

For reasons best known to themselves an IDF decision was made to permit several army generals to be interviewed before the holiday. This is not a new phenomenon. Generals have also been interviewed in the past, although this was generally done in groups and all at one time. It seems to me that proposals to interview seven or eight generals were submitted to the defense minister's office, but the minister only approved four of them (the interview with the chief of intelligence is an affair on its own). My request to meet with Major General Shomron for a short background talk was coincidentally incorporated into this program, without my knowing about the other interviews. Anyong who thought he would hold a discussion about marches and acts of valor, or the Entebbe campaign, was either naive or lacking in professional knowledge.

It was not an underground interview. It was not to be compared with interviews granted by generals after the Yom Kippur War to foreign and Israeli correspondents without permission (some of whom were later rebuked). The interview with Major General Shomron was approved by the IDF spokesman, the chief of staff and the prime minister and defense minister. Furthermore, a representative of the IDF spokesman was present at the interview. It was recorded and the transcript was given to the IDF; and I happen to know that it found its way to either the chief of staff or his deputy.

The article was passed on to the military censor, as the law requires. The censor made five or six corrections to it. Other than one erasure about which I have doubts, the censor was correct in all the other security erasures; and the censor does not normally have scruples about erasing. In other words, those at the top echelons of the security establishment who are involved in this were

not surprised by Shomron's remarks as published in HA'ARETZ; therefore the prime minister's and defense minister's surprise at statements made by IDF generals is amazing. This surprise, if it really is his and not that of his aides, only proves either a blockage in the establishment or a lack of control. Basically, Major General Shomron's remarks are a contribution to and a positive precedent for a genuine argument about issues essential to our very being. They represent an opening for the Knesset Foreign Affairs and Security Committee to hold a more thorough debate on vital issues in its field.

CSO: 4805

PLAN SUBMITTED TO STRENGTHEN GREEN LINE SETTLEMENTS

TA090853 Tel Aviv HA'ARETZ in Hebrew 8 Oct 80 p 4

[Unattributed report: "New Plan Submitted for Beefing Up Settlements Along Green Line"]

[Text] A new settlement plan, designed mainly to strengthen and beef up the green line, was submitted by the director of the Jewish Agency's Land Settlement Department, Prof Ra'anana Weitz, in a discussion held yesterday by the department's directorate.

According to Professor Weitz, the new plan is designed to posit a new challenge to the Jewish Agency, as he did when he put forward the plan for the Galilee lookouts about 3 years ago. In line with its experience, the Jewish Agency will be able to meet the new challenge if it mobilizes for it--as it did in the establishment of stage 1 of the lookouts.

Drawn up by the department's deputy director, Mr Me'ir Shamir, and by the Land Settlement Department's regional directors, the new plan deals with filling in the settlement gaps along the entire length of the green line, from Galilee in the north to the slopes of the Hebron hills and the Negev in the south.

According to the plan, 21 new lookouts will be set up in Galilee and along the northern part of the green line. Two lookouts will go up in the central region, and 10 additional settlements on the slopes of the Hebron hills and in the Negev.

At the meeting it was decided to commence the planning stages in line with the principles of regional planning. Also at the meeting, Professor Weitz announced the crystallization of another plan for the continued development and strengthening of the lookouts which the Jewish Agency has already set up in Galilee.

CSO: 4805

POLL SHOWS PUBLIC DISSATISFIED WITH HURVITZ

TA081133 Tel Aviv HA'ARETZ in Hebrew 8 Oct 80 p 3

[Pori public opinion poll: "There Are 28.4 Percent Who Are Satisfied With Hurvitz and 44.8 Percent Who Are Dissatisfied"]

[Text] Finance Minister Yiga'el Hurvitz' popularity remained stable in September. At present 28.4 percent are satisfied with him as minister of finance, compared with 44.8 percent who are dissatisfied. This emerges from the Pori Institute nationwide public opinion poll conducted at the request of HA'ARETZ.

It is true that the percentage of those satisfied with Mr Hurvitz did drop by 2.4 percent (from 30.8 percent in August to a current 28.4 percent) but the percentage of those who are dissatisfied with Mr Hurvitz also dropped by 2.5 percent (from 47.3 percent in August to a current 44.8 percent).

In contrast to this, the percentage of those who are not sure what they think about the finance minister have increased (from 13.9 percent in August to a current 19.1 percent).

It should be noted that the figures for those who are satisfied with Mr Hurvitz are almost as high among people with higher education, people with academic and administrative professions and the higher income brackets as they are for those who are dissatisfied with him.

The finance minister's highest popularity is among people in the high-income brackets (37.2 percent) and highly educated people (37 percent).

The finance minister's lowest popularity is among people with low educational standards (30.6 percent) and the low-income brackets (49.7 percent).

The poll covered a representative section of 1,200 men and women who were given private interviews in their homes throughout the country.

CSO: 4805

BEGIN CONSIDERS FIGHT AGAINST ARAB TAKEOVERS OF WESTERN FIRMS

TA051202 Tel Aviv DAVAR in Hebrew 5 Oct 80 p 1

[Economic correspondent report: "Begin To Initiate Political Activity Against Arab Takeover of Western Financial Firms"]

[Text] Prime Minister Menahem Begin will hold consultations with Foreign Minister Yitzhak Shamir to decide on possible political activity in view of the danger of the Arabs taking over financial firms in the West. Israeli ambassadors in various capitals may be employed to acquaint governments and public opinion with the danger expected to the free world. This was stated by Prime Minister Begin in a letter he sent to Knesset Economic Committee Chairman Gad Ya'aqobi.

MR Ya'aqobi recently sent a message to the prime minister in which he warned against the gradual takeover by Arab governments and companies of well-known firms in Western countries. Among other steps, the Arabs have acquired 10 percent of the stock of Volkswagen's daughter-company in Brazil; the Kuwaiti Government has acquired from a Swiss metals firm in Zurich 10 percent of the stock in the well-known German firm (Metallschaft); Kuwait is now completing the purchase of the fifth largest bank in Arizona for \$40 million.

MR Ya'aqobi noted that through these takeovers, the Arab states' influence would grow over the West's foreign policy and its economic calculations. Grave security dangers are also involved, since some of these firms and plants are engaged in manufacturing for the Western countries' defense systems. He suggested that Israel expose this process in the international arena and augment Western awareness of its ramifications and perils.

CSO: 4805

BRIEFS

WEST BANK EXPORT LICENSES--Jordan has made another move to strengthen its status in Judaea and Samaria, obliging all farmers and agriculturalists in the region to obtain export licenses only from its agricultural associations. Our correspondent Pinhas 'Inbari said this will strengthen these associations in contrast with the pro-PLO municipalities since they will thus gain control over agricultural produce marketing in the Arab countries. Our correspondent said this move has also directly affected the chambers of commerce, which used to approve the export licenses. The heads of the chambers of commerce are supposed to meet in East Jerusalem today to discuss the matter. [Text] [TA021139 Jerusalem Domestic Service in Hebrew 1100 GMT 2 Oct 80]

COAL SUPPLY AGREEMENT--The managing director of the Israeli Electricity Company, Yosef Tulipman, has signed an agreement in the United States for the supply of 1 million tons of coal a year for 30 years to the Israeli Electricity Company. This agreement supplements earlier accords, signed with firms in Australia and South Africa for the supply of 2.3 million tons of coal a year for 30 years. All the contracts contain options for increasing the amount of coal, should the Israeli Electricity Company so desire. [TA082120 Tel Aviv DAVAR in Hebrew 8 Oct 80 p 3 TA]

TOURISM INCREASE--In September 1980, 99,000 tourists entered Israel, an increase of 9 percent over the same period last year. These statistics, which were released by the Central Bureau of Statistics, do not include visitors from Lebanon. In the first 9 months of 1980, about 919,000 tourists entered Israel, an increase of 6 percent over the same period last year. [TA082120 Tel Aviv HATZOFE in Hebrew 8 Oct 80 p 3 TA]

DEAD SEA SOLAR POOLS--The Energy Ministry has signed an agreement with the (Solmat) Company, a subsidiary of the (Ormat Turbines) Company on building solar pools for producing electricity along the Dead Sea coast. The project involves some \$20 million and will be implemented between 1980 and 1983. The government decided to sign that agreement today rather than wait for reports on foreign investment in the project because of its significance. In the first stage, the pools will operate a 5-megawatt turbine and the idea is to later produce 20 megawatts of electricity. The plant will be incorporated in the sea-to-sea project, which is in the planning stages. The spokesman for the Energy Ministry reported that many investors, including the U.S. Energy Administration, have expressed interest in financing the project. This is currently the Energy Ministry's largest development project. [TA112045 Jerusalem Domestic Service in Hebrew 1500 GMT 10 Oct 80 TA]

REAL WAGES DOWN--In the first half of the year there was a significant decline in real wages. This emerges from a survey conducted by the Manpower Planning Authority in the Ministry of Labor and Social Welfare. According to this data, the average monthly salary for wage-earners was 2,030 shekels for the January-May period, a rise of 102 percent over the same period last year. However, the consumer price index rose during that same period by 112 percent, so that real wages in fact decreased. [TA112045 Tel Aviv YEDI'OT AHARONOT in Hebrew 10 Oct 80 1 : TA]

ARAB UNEMPLOYMENT--No change has been marked in the September employment statistics for employees from the territories working in Israel through the employment service offices. They numbered 43,957 as against 44,255 in August--a decline of 298--even though September was the month of the Jewish holidays and as a result the demand for labor decreased by 2,107. Of all the employees, 14,578 worked in the construction field, 17,286 in the industry, 7,769 in services and 4,324 in agriculture. Of them, 2,089 were women. [TA112045 Tel Aviv ITIM in Hebrew 1745 GMT 11 Oct 80 TA]

FOOD PRICE INCREASE DECISION--The economic minicabinet decided to raise the prices of several foodstuffs whose prices are government-controlled, such as frozen beef, milk and dairy products and eggs. On the other hand, it was decided today not to raise the prices of subsidized foodstuffs such as bread, flour, cooking oil, frozen poultry as well as public transportation fares. The decision not to raise these commodities' prices was made because of a confrontation between Finance Minister Yig'el Hurvitz and Housing and Construction Minister David Levi. At the prime minister's suggestion, the decision on these goods was transferred to the entire cabinet plenum for decision. At the end of the session, the finance minister said he would continue to fight for the principle of not subsidizing goods. He said that anyone who believes that inflation can be controlled by subsidizing commodities is wrong because ultimately the results are the same. He added that he is determined to operate within the confines of the state budget. Minister David Levi said that the treasury's policy of initiating price hikes has been proven sterile and added he would request a thorough cabinet debate on this policy. He welcomed the decision to postpone the decision to raise the prices of subsidized foodstuffs. [Text] [TA131031 Jerusalem Domestic Service in Hebrew 1000 GMT 13 Oct 80]

NO W. BANK LAND SHORTAGE--There is no shortage of land for the expansion of most settlements in Judaea and Samaria. This emerges from a comprehensive land survey recently compiled by the Defense Ministry. There is a particularly difficult land problem in the 'Ofra and Qedumia settlements. Our correspondent Yig'al Goren has learned that the government has purchased vast tracts of land in Judaea and Samaria in the last few weeks. These lands will be put at the disposal of the settlements. Deputy Defense Minister Mordekhay Tripori toured the settlements today. He told our correspondent that no Israeli government would in the future be able to ignore the significant fait accompli established by this government throughout Judaea and Samaria. [Text] [TA132112 Jerusalem Domestic Television Service in Hebrew 1900 GMT 13 Oct 80]

RIFT VALLEY SETTLEMENT LAND--For the first time since the beginning of Israeli settlement in the Jordan Rift Valley, the military government is now permitting the Rift Valley settlers to cultivate land on the bank of the Jordan River, on the eastern side of what is called the system fence [Gader Hama'arekhet]. This new development now gives the Jordan Rift Valley settlers a chance to expand their land reserves. Our settlement affairs correspondent Avraham Ben-Melekh says that up to now the IDF has banned visitors from entering territory beyond the system fence. [Ben-Melekh] Now, too, the IDF is restricting entry to this closed area in several security zones; however, for the first time since the Six-Day War, it has placed a large tract of land between 1,000 and 2,000 dunams at the settlers' disposal. This is a tract close to the Jordan River, in the eastern sector of the Jordan Rift Valley facing the Moshavim (Fatza'el) and Tover. Teams from the military government and the Ministry of Justice have been examining the question of the ownership of the lands over the last year and they have decided that the entire 1,200 dunams belong to the state. [Excerpt] [TA140649 Jerusalem Domestic Service in Hebrew 0503 GMT 14 Oct 80]

NO CUTS IN IDF TRAINING--The chief of staff has issued orders not to cut the IDF training program under any circumstances, even with defense budget cuts. He has only allowed cuts in the equipment acquisition and research budgets. This was reported today by the chief of staff's financial adviser to the Knesset Foreign Affairs and Defense Committee. The adviser has turned down the Bank of Israel governor's arguments that there was no real cut in the defense budget. According to the adviser there has been a 5 percent cut. The chief of the planning branch in the general staff reported to the Knesset Foreign Affairs and Security Committee about details of how the IDF would be deployed in the framework of autonomy. [Text] [TA141856 Jerusalem Domestic Service in Hebrew 1800 GMT 14 Oct 80]

COST OF LIVING UP--The consumer price index rose last month by 7.3 percent. The increase in the index reflects price rises in all the consumer groups, especially food, education, transportation and postal services. In the first 9 months of the year the index has risen by 81 percent. The Finance Ministry explains that the source of the high increase in the index lies in a strengthening of demand pressures in the economy. These pressures were generated because of surplus money held by the public. The treasury spokesman holds that the cuts made in the state budget are insufficient. In another 5 days the finance minister is to submit to the Knesset the budget proposal for the second half of the fiscal year. [Text] [TA151525 Jerusalem Domestic Service in Hebrew 1500 GMT 15 Oct 80]

130 PERCENT INFLATION RATE--The consumer price index published yesterday was 7.3 percent, and Finance Minister Yigal Hurvitz believes that only with the help of next year's budget can any change be effected in the economy's negative trend, as reflected in the index. The Finance Ministry has accepted the fact that the price rises this year will total 125 to 130 percent. One day after publication of the index: A report by Gidon Zelinger. [Begin recording] Yigal Hurvitz admitted that the inflation rate this year would be 125 to 130 percent. This fact cannot be changed in the remaining half of the fiscal year. The treasury believes that an atmosphere of collapse must be prevented now and that preparations must be made for the next fiscal year, which begins in April. This year was a particularly unsuccessful year of containment, but the treasury hopes to change this trend next year. Such a change is liable to cost the public dearly, but the

treasury believes, as does the finance minister, that it is preferable to make things difficult than to bribe the electorate, especially since the treasury is empty. Yesterday Finance Minister Mervin Wernis warned Shimon Peres and David Levi in the same breath against election bribery. This is also the reason that the finance minister will insist on implementation of the approved budget and will oppose a general sale of reduced goods. He and his staff believe that the existing compensation apparatus is sufficiently sophisticated to answer to the genuine needs of the underprivileged. The finance minister's wars have not ended. [end recording] [Excerpts] [TA160755 Jerusalem Domestic Service in Hebrew 0505 GMT 16 Oct 80]

COPPER MINING RESUMPTION--Mining has been resumed at the Timna' Copper Mines north of Eilat after an interval of several years. The concession has been given to a British firm which is employing 300 Israeli workers, mostly former employees of the Timna' mines. The British company intends to take advantage of the rise of copper prices in the world and is hoping next year for exports of \$15 million. [TA172110 Jerusalem Domestic Service in Hebrew 0500 GMT 17 Oct 80 TA]

GAZA MAYOR TO PUBLISH PAPER--Gaza Mayor Rashed al-Shawwa intends to publish a daily paper with the approval of the military government. This will be the first daily paper published in the Gaza Strip. The name approved for the paper is (AL-HODA) which means the guidance in Hebrew. Al-Shawwa has already purchased modern, improved printing equipment for the establishment of an independent printing house--an investment of about \$3 million. This includes the latest photo and offset printing machines. This will be one of the largest and most modern types of printing press in the Middle East. The military government has not yet given its approval for the printing press to be set to work. Al-Shawwa submitted his request to publish a paper to the previous defense minister, 'Ezer Weizman, when the latter was visiting the Gaza Strip. His request was discussed and approved by all those involved in the matter. The assessment by military government elements is that although al-Shawwa superficially shows relatively moderate positions in comparison with other Palestinian leaders, he is close to the PLO "and no less dangerous than others." [ELI Tabar] [Text] [TA171417 Tel Aviv MA'ARIV in Hebrew 17 Oct 80 p 1]

FACILITY FOR AIRCRAFT ENGINES--A new production line for the overhaul of F-15 and F-16 engine blades will be inaugurated at the Turbochrome plant near Lod on 19 October. Thus the plant will be able to service the blades of all the Israeli air force and civil aviation craft. The plant is owned by a U.S. businessman. Turbochrome is a subsidiary of the U.S. company called (Chromalloy) which recently purchased the Israeli Government's shares in the plant and funneled another \$1 million for advanced technology. [TA190549 Jerusalem Domestic Television Service in Hebrew 1830 GMT 18 Oct 80 TA]

JORDAN PLANNING NEW TOWN IN SAMARIA--Jordan is planning the establishment of a new town near 'Anabta in Samaria which will include 365 housing units, a mosque and public buildings. Our correspondent Pinhas 'Inbari points out that this will be the first Arab settlement to be established in the West Bank since the Six-Day War. The town will supposedly be erected by the Construction Association of Tulkarm Civil Servants. The association has already discussed the issue with the military government. However, no specific plan has yet been devised. Our

correspondent points out that another construction association in the West Bank wants to build a new community on land belonging to the village of Rujayb near Nabulus. The community would be located on the former site of the settlement of Elon More which was evacuated in the wake of the ruling by the High Court of Justice. [Text] [TA180825 Jerusalem Domestic Service in Hebrew 0800 GMT 18 Oct 80]

NATIONAL SECURITY COUNCIL FAVORED--Deputy Defense Minister Mordekhay Tzipori said that he supports the establishment of a national security council which would hold deliberations on matters pertaining to the IDF--its organization and ways of operation. Mordekhay Tzipori reiterated his belief in the necessity of establishing the ground forces command within the framework of the reorganization of the IDF. As for the IDF operation in Lebanon, he said there is no chance that quiet would prevail in that region in the near future. Some 15,000 terrorists can be found there whose aim is to kill Jews. There is no government in Lebanon that can enforce order and therefore Israel has to do it. Regarding the possibility that 'Ezer Weizman would return to the Likud leadership, Tzipori said that it has already happened that disputes were settled in political life and subsequently Weizman's return is possible. [Text] [TA181726 Jerusalem Domestic Service in Hebrew 1700 GMT 18 Oct 80]

PRIVATE CONSUMPTION--The private consumption per capita in fixed prices has gone up by 2 percent in the second quarter of 1980. Private consumption in the first half of 1980 was lower by 9 percent per capita than the rate for the second half of 1979, when the annual rate of the decline reached 17 percent. The private consumption per capita declined in a year--from the first half of 1979 to the first half of 1980--by 8 percent. This was reported by the spokesman for the Central Bureau of Statistics in Jerusalem. There were marked decreases in per capita consumption of foodstuffs, drinks and tobacco, amounting to 9 percent, in the first half of 1980 as compared with the second half of 1979. Especially conspicuous was the fall in fruit and vegetable consumption--12 percent; in dairy and meat products--12 to 14 percent; fish--19 percent and soft and hard drinks--20 percent. The per capita purchases of nonperishable goods such as furniture, household wares and cars--items marked by great fluctuations--diminished by 29 percent with the fall being especially sharp in car purchases: 60 percent. The per capita consumption for clothing, footwear and personal goods also went down by 15 percent during that period. [TA190958 Tel Aviv HA'ARETZ in Hebrew 19 Oct 80 p 8 TA]

SEPTEMBER MONEY INJECTION--Last month the government printed 8.2 billion Israeli pounds. The treasury accounts for this large injection by the drop in tax collection and sale of government bonds. Since August 1979 the consumer price index rose 130 percent while tax collection rose only 112 percent. There was also large government expenditure as well as deviations from the state budget framework last month. [TA050819 Jerusalem Domestic Service in Hebrew 0900 GMT 2 Oct 80 TA]

POLL SHOWS CONFIDENCE IN DEFENSE--An overwhelming majority of the country's residents are certain that Israel can defend itself should the need arise. Only an insignificant minority fears that Israel is today incapable of defending itself. This emerges from a countrywide Pori Institute public opinion survey,

commissioned by HA'ARETZ. Asked, "To what extent do you believe at this time that Israel can defend itself should the need arise," 64.3 percent replied that they are "to a large extent" certain that Israel could defend itself, while another 21.1 percent believe "to a certain extent" that Israel can defend itself. All told, then, 85.4 percent believe that Israel can defend itself. Another 5.8 percent said that they "do not believe so much" in Israel's independent defense ability, and a minority of 1.4 percent said they "do not believe at all" that Israel can defend itself. The remaining 7.4 percent said they "do not know" whether or not Israel can defend itself should the need arise. An analysis of the results shows that the most optimistic are those with a high level of education, persons in the academic or administrative professions and those with high incomes. The most pessimistic are persons aged 60 or more and those with low educational and income levels. The poll covered a representative sample of 1,200 men and women who were personally interviewed throughout the country. [Text] [TA051027 Tel Aviv HA'ARETZ in Hebrew 5 Oct 80 p 3]

JUDEEA, SAMARIA SUPREME COUNCIL--Our correspondent reported that Jordan has again set up the Supreme Council on Judea and Samaria Affairs, thus taking the wind out of the sails of the Joint Jordanian-PLO Committee. All the issues that were the responsibility of the joint committee have already been transferred to the Jordanian council. [Text] [TA050743 Jerusalem Domestic Service in Hebrew 0500 GMT 5 Oct 80]

BEGIN CALL TO WORLD'S JEWS--Prime Minister Menahem Begin has called upon the Jews in the Diaspora to defend their lives, their honor and their property against terror attacks. He said that an evil wind of antisemitism, recalling the Nazi period, is now blowing in France. This is not the same France that gave us the encyclopedists and emancipation, the prime minister said: This is the other France. [Begin Begin recording] There is the France of the revolution and progress and liberty, equality and fraternity and there is a France where antisemitism is rampant; that is the second France. After what happened to our people, after 1.5 million small children were slaughtered there is an explosion at a synagogue, murder and bloodshed. Now we see the evil wind blowing in the second France. As long as the Jew is in the Diaspora, he must not cede his right and his duty to defend himself and his children and his national and human honor. The 1930's and 1940's have passed; they must not return. If anyone attacks Jews, the Jews are not only entitled to but must defend themselves and anyone who wants to react to this can react however he wants. This is our position and we will tell it to all our people until, with the Lord's aid, as many of them as possible, as we hope, return to their historic homeland of their own free will and live here as free men. [end recording] The prime minister was speaking at the annual rally of IDF disabled persons and our military correspondent brought us his remarks. [TA070726 Jerusalem Domestic Service in Hebrew 0505 GMT 7 Oct 80]

BEGIN REJECTS COLAN WITHDRAWAL--The prime minister said that under no circumstances will we withdraw from the Golan Heights and as far as the proposal to assume sovereignty over it, this is currently under discussion in the cabinet and will later be dealt with by the Knesset. He refused to give any more details. Touring the Bet Shemesh engine plant, Mr Begin expressed his hope that an agreement will be reached with the U.S. companies to manufacture the engines for the Lavi fighter aircraft in this plant. [Text] [TA072023 Jerusalem Domestic Service in Hebrew 1700 GMT 7 Oct 80]

DEFENSE MINISTRY BUDGET INCREASE DENIED--The Finance Ministry does not intend to grant the Defense Ministry's demand to increase its budget by an additional 1 billion shekels as compensation for price hikes during the first half of the year. The head of the budgetary department of the Ministry of Finance, Yisra'el Arqin, reported that according to an agreement between the minister of finance, the prime minister and defense minister, it had been decided to compensate the defense establishment for 80 percent of the 1980 price hikes, as was being done for the other ministries. The gap between the Ministry of Finance and the Ministry of Defense springs from differences in assessments of the price hikes expected in the second half of the budgetary year. But the Ministry of Finance does not intend to compensate the defense establishment with a higher sum than that set in the proposal to update the state budget. The DAVAR correspondent comments that the defense establishment's budget was increased from 21.09 billion shekels to 27.3 billion shekels and the Finance Ministry fears that an even greater increase would broaden the economic activity and cause a further acceleration of the inflation rates. They estimate that a decision will be made when Finance Minister Yigal Hurvitz returns from the United States. [Excerpt] [TA081227 Tel Aviv DAVAR in Hebrew 8 Oct 80 p 3]

W. BANK CHARITY CONTROL--Jordan is now trying to take control over the charity organizations and the public clubs in the West Bank by means of financial pressure. Our correspondent Pinhas 'Inbari noted that at present elections are underway in these organizations and clubs and Jordan has pledged huge allocations only to those bodies that vote for the people it backs. In some institutions communist representatives had been elected but were later forced to resign because of the Jordanian financial pressure. [Text] [TA091113 Jerusalem Domestic Service in Hebrew 1100 GMT 9 Oct 80]

POLL SHOWS AUTONOMY TALKS SKEPTICISM--A clear majority of Israel's population does not believe that the autonomy talks will be successfully concluded according to a poll conducted for the JERUSALEM POST by the Modi'in Ezrahi Applied Research Centre. Of those polled, 73.6 percent said they had no faith in the talks. Only 20.1 percent said they believed in the negotiations and 6.3 percent had no opinion. [Sarah Honig] [Excerpt] [TA141138 Jerusalem JERUSALEM POST in English 14 Oct 80 p 3]

RISE IN EXPORTS--Exports in the first nine months of the current year were 24 percent higher than in the same period last year. In September, however, the level of exports was only 3.8 percent higher than in September 1979, according to data released yesterday by the Central Bureau of Statistics. The data are all in current values, which means that after taking account of the fall in the value of the U.S. dollar, in which exports are recorded, there has been a fall in real terms. Total net exports in January-September 1980 amounted to \$3,781 million, compared with \$3,054 million in the same period last year. While total exports thus rose by a nominal 24 percent, industrial exports increased by 26 percent, diamond exports by 18 percent, and agricultural exports by 7 percent. (Jerusalem JERUSALEM POST in English 14 Oct 80 p 8 TA)

DECLINE IN INVESTMENTS--Investment was down some 9 percent in the first half of 1980, compared with the second half of 1979 and 11 percent lower than in the last quarter of 1979, according to estimates released by the Central Bureau of Statistics. The 11 percent fall in investments in the first 3 months of 1980--with no change in the second quarter of the year--is equivalent to an annual contraction of 36 percent, the bureau says. All the data are seasonally adjusted and in constant value terms. [Jerusalem JERUSALEM POST in English 14 Oct 80 p 8 TA]

ARAB UNEMPLOYMENT—The number of unemployed Arabs in Israel rose to 2,700 last August, the highest level since the recession of 1965. According to Labor Ministry figures the unemployment situation is particularly difficult in Nazareth and in Umm al-Famm. [Excerpt] [Jerusalem JERUSALEM POST in English 1 Oct 80 p 3 TA]

PERES REFUSES TO RUN AGAINST RABIN--Labour Party chairman Shimon Peres last night declared that he would not "run" against former Premier Yitzhaq Rabin for the party leadership if the party convention scheduled for mid-December insists on a showdown. Peres explained that for a showdown to take place an earlier decision by the Labour Central Committee naming him as the party's number one man would have to be overturned. If this is done he would refuse to take part in a leadership race, he said. Peres was speaking at a closed party meeting. His aides explained that trying to avoid an actual showdown with Rabin, Peres wants to force the convention into a vote of confidence by asking it either to support him or overturn the previous Central Committee decision and open the convention. Spokesmen for the Rabin camp last night accused Peres of trying to "blackmail" the party. Peres also said that he would never serve in a Rabin government and added that should a showdown for the leadership actually take place, Labour unity would be irrevocably shattered. [Sarah Honig] [Text] [TA071307 Jerusalem JERUSALEM POST in English 7 Oct 80 p 1]

CSO: 4820

'JORDAN TIMES' ON RATIONALE FOR BACKING IRAQ

JN300726 Amman JORDAN TIMES in English 30 Sep 80 p 2

[Editorial: "Setting the Pace"]

[Text] In its statement Monday on the Iraq-Iran dispute, the National Consultative Council covered all the subjects of concern to the Arab nation in general and to the Jordanian people in particular, with regard to the fighting in the Gulf.

Jordan has set the pace with its forthright national stand in support of brotherly Iraq's campaign to restore Arab rights and dignity in the territories, waters and islands usurped by Iran.

From the beginning, Jordan has voiced this stand not out of any antagonism to the Islamic people of Iran, but out of this country's firm and longstanding conviction that the usurpation and occupation of Arab land in any part of the Arab nation must be resisted and opposed to whatever extent is necessary.

The NCC has reiterated this point by stressing that aggression against any part of the Arab nation must be treated as aggression against the whole of that nation. Considering Jordan's position on the front line against Zionist aggression, no other national stand is either desirable, logical or possible--quite apart from the paramount commitment of this country to both the principle and the practice of Arab unity and its steadfastness in the defence and pursuit of Arab interests.

These are all the elements which go into the Jordanian stand at the side of fraternal Iraq at this moment. The National Consultative Council has articulated the people's strong support of this stand.

Quite correctly as well, the NCC statement stressed the element of brotherhood in appealing to the Islamic people of Iran to recognise Arab rights and open themselves to the establishment of good-neighbourly relations. Such a realistic and correct move on the part of the Iranians would do so much towards restoring the region's precarious balance of forces, and towards keeping the region free of outside interference or intervention.

We would add, in the same spirit, that it is time for the rulers of Iran to set aside their narrow chauvinist pursuits and throw their full weight, as they had been expected to do, behind the just Arab and Islamic struggles; only this course

will allow the Iranian people to accept the out-stretched hand of friendship extended to them by all Arab and Muslim peoples.

The council was likewise quite correct in putting out an appeal to all Islamic states in the present instance to pledge themselves to the cause of averting internecine disputes and quarrels, keeping in mind the constant aims before us.

These aims extend from the mobilisation of Arab and Islamic resources in the battle for Palestine, to which the NCC statement specifically referred, to the continuing struggle for social and economic self-fulfillment. With the present diversion of resources, that ultimate battle is being forced to take a back seat, and no one really stands to gain from that.

CSO: 4820

BRIEFS

ANTI-KHOMAYNI SERMONS IN WEST BANK--As of yesterday, sermons against Khomeyni are being preached in Judaea and Samaria and East Jerusalem mosques. Our reporter says that it is very probable that the orders in this matter came from Jordan. Our reporter notes also that the new line in the sermons is arousing displeasure in the mosques because Khomeyni's Islamic revolution has so far gained sympathy there. In the al-Aqsa Mosque in Jerusalem and in a Nabulus mosque there were even fistfights among the worshippers as a result of these sermons. [Text] [TA042110 Jerusalem Domestic Service in Hebrew 2100 GMT 4 Oct 80]

'GREATER AMMAN' RADIO--Jordanian broadcasting station sources have said that preparations are underway to transform the current Amman station into a popular local radio that will deal with all levels of the Jordanian society's activities. It will use direct contact with the people and will openly discuss social and development issues. This step is being taken because radio is the primary disseminator of development information and is easily accessible to all strata of society. A special board is expected to be created to direct the station, with the participation of responsible authorities from the departments of development, planning, national guidance, labor and education. The Greater Amman station will begin transmission within the next 4 weeks and will work to project Jordan's activities and development plans abroad. [The Greater Amman station was previously observed testing on 594 kHz between July and August 1979] [Text] [JN242150 Amman AL-RA'Y in Arabic 23 Sep 80 p 24]

CSO: 4802

INVESTMENT BUREAU BUYS INTO SHAKY BRITISH FIRMS

Kuwait AL-QABAS in Arabic 17 Sep 80 p 16

/Article: "The Kuwait Investment Office in London Is Buying Shares in Failing British Companies"/

/Text/ "Investment has become a science and an art. It is a science with general rules and an art with special touches."

These words are repeated when one asks, "Why does the Kuwait Investment Office in London sometimes buy the shares of failing companies?" Kuwait has a big share in the Shop and Son Company, which announced an unenviable financial status this year; nonetheless Kuwait recently added thousands of shares to its holdings.

The Mortal Blow

In the report, it was stated that the company's profits were dealt a mortal blow in the first half of this year. These came to 2.2 million pounds sterling, as compared with 8.3 million pounds sterling in the same period last year. Last year's profits also dropped 50 percent, totalling 7.22 million pounds sterling as compared with 15.26 million pounds sterling in 1978.

Most of the losses arose from the flow of capital in the commercial sector and the production sector of the computerized cash register known as Gross.

Computer Losses

The cost of this equipment is extremely large, whereas sales of it are dropping in significant fashion; the company, which had 20 percent of the distribution market in Britain in 1976, has started facing serious competition from Japanese companies, which offer cheap, attractive products.

In spite of that, the Kuwait Investment Office bought several thousand shares in the company recently.

The Successful Model

The observer stated, "Thus some people deliberately prefer failing investments. However, do not forget that those people, including the Kuwait Investment Office, possess and also buy shares in successful companies.

The closest example of this is the General Accident, Fire and Life Assurance Company, whose profits in the first half of this year increased to 40 million pounds, as compared with 30.5 million pounds in the same period last year.

The company report stated that profits on insurance policies increased in Britain at a lower rate than in Canada and Brazil and faced losses in the United States and European countries.

The Power of Sterling

The report said that the power of sterling helped increase the company's profits. Investments in Canada also increased from 21.7 million to 47.6 million pounds sterling. This led to an increase in revenues.

Profits also rose to that point because of an increase in the value and prices of insurance on cars.

The question now is, why doesn't the Investment Office concentrate on this type of company?

The observer stated, "Certainly there are reasons for choices of this sort. They are all subject to the laws of the science of investment, and its arts."

Why Weak Companies?

The basic rule is, choose a strong company and strong stocks. The art is sometimes enticed into choosing weak stocks, because demand is low and stirring up interest may lead to a rise in their prices. However, it is not an ordinary investor but rather a strong investor who can play this role, possessing big resources which clearly tell the market "I can save this company from bankruptcy and destruction. My choice of these stocks is not just caprice--it is the choice of a professional who knows what he wants."

This psychological suggestion certainly plays an important role in the company's status in the market. It also helps attain profits at various rates through the process of purchasing shares and reselling them at higher prices.

11887

CSO: 4802

BRIEFS

DAIMLER-BENZ BUYOUT-Will the Daimler-Benz automobile empire be saved from the tribulations the world automobile industry is passing through? No one can offer a sure answer. All answers depend on the word "perhaps," or consideration of probabilities mixed with optimism, for two reasons: First, Kuwait's 14 percent contribution can help the company market its products. Second, the company has rid itself of the complex of being located in Germany and has brought factories out into the third world. The company's 1979 report states that sales increased by 12.8 percent and their value came to 30.4 billion marks, or \$17.4 billion. Sales of cars alone increased to 10 percent, and transport and truck production increased 7 percent, totalling 256,467 units. Production of passenger cars increased 7.4 percent, totalling 422,159 units; 67,695 units were assembled in Brazil and Argentina. Exports increased to 234,000 units. Their profits increased last year to 592.8 million marks, as compared with 445 million marks in 1977 and about 392 million marks in 1976. The report said that the company has many export contracts for 1980. Another report published last July stated that the company's output has increased, in contrast to all other German companies, by 2 percent in the first half of 1980, and that the capital passed on from the previous fiscal year rose by 8 percent, totalling 14.8 billion marks. The report stated that the company is committed to exporting 430,000 units, as compared with 422,000 last year. The company therefore relies on a store of success to cope with the three-dimensional crisis grinding down other companies, namely drops in profits, increases in costs, and competition. Observers say that Kuwait can play a role in increasing distribution and has plans to back up its public transport fleet with \$400 million. It also has companies and investments in various parts of the world, all of which can be converted into clients of the German company, if the Kuwaiti government so agrees. However, these available resources are suspect because Daimler-Benz hastened to sign a contract last year to export buses to Israel. [Excerpt] [Kuwait AL-QARAS in Arabic 16 Sep 80 p 14]

INTEREST RATE RISE-The weekly financial bulletin issued by the National Bank of Kuwait described the Kuwaiti dinar market as contracting in terms of the liquidity level. The bulletin said, "The state of contraction lasted through the past week and reached the point where interest rates

on short-term deposits in the local market exceeded similar rates in the United States." The bulletin said, "The prevailing state of contraction in the market in past weeks may be explained by the presence of a general tendency to limit the rate of economic growth which according to preliminary data have realized great leaps since the end of Ramadan." It added, "In spite of the enormous balance of payments surplus, the process of transferring dinars to high-yield foreign assets in addition to covering import activities exceeds the pressure on reserves within the banking system. This disturbance generally arises as a consequence of concentrating import activity basically in the hands of the private sector, while receipts from oil exports, which account for 85 percent of total exports, are concentrated in the hands of the government. The rise in local interest rates has arisen from this, as well as from the contraction in economic activity through the flow of capital abroad for investment purposes." The bulletin anticipated that the short-term interest rate would remain at its current levels in coming weeks. On deposits committed for a 1-month period, it is expected that the increase will recur this week along with a stabilization in interest rates for other periods at their current levels. In the local market, gold prices have surged to 5,850 dinars per kilogram. The bond market valued in dinars is still suffering from fluctuations in American interest rates. Bonds have become extremely sensitive to interest rate movements since investors remain in a state of cautious expectation, waiting for specific new trends in the interest rate. Bond prices valued in dinars have retrenched in the past week. /Excerpts/ /Kuwait AL-QABAS in Arabic 15 Sep 80 p 14/ 11887

CSO: 4802

ISRAEL'S PREPARATION OF NUCLEAR BOMB AS BLACKMAIL DESCRIBED

Rabat L'OPINION in French 17 Sep 80 pp 1, 2

[Article by J.K.: "Nuclear Blackmail"]

[Text] The Israeli leaders no longer have any illusions! They are now conscious of the fact that time is working against them. The Arab-Muslim world, whose foreign affairs ministers are meeting tomorrow in Fez, has become a power that is being listened to more and more: because of its human potential, its oil and financial power, and despite the differences. The power struggle is now different on the international scene. The Western world is no longer a bloc, and European and American interests, if not in contradiction, are at least increasingly divergent.

The United States itself is no longer in a position to impose its point of view as it did in the past. That is to say that Tel Aviv, which has survived heretofore because it was a politico-military instrument in the hands of the West, will not fail to become awkward for the economic and strategic interests of that same world. What is to be done, then? What blackmail is to be used? The Israeli leaders have opted for nuclear blackmail.

They have also launched a program to manufacture an atomic bomb jointly with South Africa. And taking advantage of the privileged ally situation they procured the technology and uranium they needed, from Europe as well as from the US.

Israel has known since 1973 that it has become very difficult, if not impossible, for it to repeat its 1967 victory. And the fact of the change occurring in international relations, Sino-American rapprochement, Euro-Arab rapprochement and the fact that the Arabs have much better mastery of armament technology. Also, the atomic weapon is the only possibility for the Zionist state to practice blackmail on the US as well as on the Arab world.

It is this blackmail we are confronting today and which we must react to, at the risk of seeing Zionism maintain its occupation.

FRENCH DELEGATION'S SUPPORT FOR MOROCCO ON SAHARA REPORTED

Rabat L'OPINION in French 20 Sep 80 pp 1, 3

[Text] The delegation from the Foreign Affairs and Defense Committee of the French Senate, which has been visiting Morocco since Tuesday evening, is "convinced" that the Moroccan thesis on the Western Sahara is well-founded.

"I believe," Roger Poudonson (UCDP) [expansion unknown], the head of the delegation, stated Thursday evening at a press conference in Rabat, "that Morocco's argument is solid, and solidly rooted in history."

Mr Poudonson, who is vice chairman of the Senatorial Committee, affirmed, "We are pleased to find that the situation is better now than it was a year or two ago." He told of his "admiration for the moderation of the policy conducted by King Hassan II, who is trying very hard not to insult the future," notably by not exercising the right of succession.

"I believe," Mr Poudonson added, for the benefit of the Moroccans, "that you have the right for yourselves...that the populations are broadly self-determined, that you are not holding them in Laayoune forcibly, that one may come and go in that region. I am not at all convinced that there is an entity (Saharan)."

The vice chairman of the Foreign Affairs and Defense Committee "does not rule out the possibility that the Algerians have other motives (than the creation of an independent state)," but he thinks they "may change. One already notes," he said, "that the blows with the fist have become blows with a pin."

The members of the senatorial delegation, who were received on Wednesday by the president of the Moroccan Chamber of Representatives, Dey Ould Sidi Baba, surrounded by the leaders of all the political parties--majority as well as opposition--, declared themselves struck in particular "by their faultless unity on the problem of the recovered provinces."

According to Mr Poudonson they regretted "that French public opinion is perhaps not as well informed as would be desirable on this unanimity on the part of the Moroccan people behind their king." The head of the delegation stated

in that connection that he would inform the president of the Republic and the minister of Foreign Affairs next Monday of the reality of the situation.

For his part, Louis Longuequeue (Socialist) indicated that the delegation had received an answer to the question "Who is arming the Polisario?", that answer being "Algeria and nations east of Algeria." He also said he was satisfied with the limits of the military cooperation between France and Morocco. "There are no French soldiers in the combat zones and contested territories," he said.

"Personally," he wonders if self-determination is possible in the Sahara and if the Moroccan people are not already self-determined. "It seems that they are," he replies, even while recalling that the Socialist Party has come out in favor of self-determination.

The delegation, which also includes Louis Martin (RI) [Independent Republican] and Alfred Gerin (independent), was to leave Rabat on Friday for Meknes and Marrakech, where it is to visit the Flying School, the Royal Academy and the Gendarmerie School.

8948

CSU: 4400

UGTM CHARGES ARBITRARY OFFICIAL ACTION AGAINST MEMBERS

Statement of Bureau Members

Rabat L'OPINION in French 16 Sep 80 p 5

[Statement by seven members of suspended bureau]

[Text] On 30 April 1980, the personnel of the OFPPT [Office of Professional Training and Labor Promotion], meeting at the UGTM [General Union of Moroccan Workers] headquarters in Rabat, decided to create a national bureau made up of nine brothers well known for their union activity and their devotion to the task assigned to them.

Intense activity of two months' duration, during which this young bureau earned the sympathy of several partisans, shook up the OFPPT leaders, most of all the phantom bureau of the UMT [Moroccan Labor Federation].

In accordance with the directives from the leaders of the UGTM group, the federal bureau ceased its activities for a period of one month, to grant the wish of the OFPPT board of directors.

During that month of calm the board caught its breath, enabling the pawns of the union center to juggle with the decisions for change.

We deplore this abuse of trust; if we have kept silent it was in order to allow the office's board plenty of time to think it over. Since this is the way it is, we remind the OFPPT leaders that these sanction measures taken counter to these agents, to have to belong to a legal union recognized by the authorities can only double our forces, for our struggle will last as long as we are in this organization.

UGTM Executive Bureau Communique

Rabat L'OPINION in French 17 Sep p 2

[Text of communique from UGTM executive bureau]

[Text] The UGTM, after studying the situation of the union activity of the Professional Training Bureau, after contacting the Labor and Professional

Training Ministry as well as the leadership of the Professional Training Bureau in Casablanca, has become aware of the fact that the situation that institution is experiencing is due to a group that is engaged in serving its own interests to the detriment of the genuine objectives for which that institution was founded.

For this reason, and following the events of 1973, 1976, 1977 and 1978, which culminated in the expulsion or suspension of a large number of persons, this group undertook a series of arbitrary changes coupled with more ignoble measures against the UGTM militants. Among these militants are brothers Namrouch Khlaifa, Haj Bedouz, Hallab Mohamed, Mimoun Abdessalam, Najm Mohamed and Rguig Ahmed.

It is strange to hear the leaders of this institution say--to defend themselves--that they are not hostile to "the union is a legal activity," but that they are undertaking these measures for the good of and in the interest of the institution.

Even as we denounce these acts we wonder if one can expect anything good from an institution that is afraid of the union and does not respect the legitimate rights of union activity.

The UGTM insists that the leaders intervene immediately to render justice to the union activity in the Bureau of Professional Training and asks all those concerned to return to their place of work.

The UGTM affirms that the staff of this institution have, for the fifth time in ten years, expressed their devotion to the UGTM and emphasized that persecution and constraint will in no way affect these employees' determination not to deny their membership in the UGTM. This also constitutes a condemnation of the administrative degeneracy and the labor union treason within the institutions of the OFPPT.

8946

CSO: 4400

SIGNING OF HEALTH AGREEMENTS WITH FRANCE REPORTED

Rabat L'OPINION in French 19 Sep 80 p 2

[Text] Rabat (MAP)--The minister of Public Health, Dr Rahal Rahhali, and the French secretary of State for Health and Social Security, Jean Farge, signed, on Wednesday in Rabat, the ceremonial act providing for eight cooperation projects, after three days of discussion in the second session of the joint Moroccan-French Health Sciences Committee, under the joint chairmanship of Dr Rahhali and Jean Farge.

The first project concerns "postgraduate training" and provides for bringing to Morocco French physicians whose "duties will be to provide health care and supervise interns and doctors in specialized training." These physicians, whose mission will be for a minimum of four years which can be extended for one or two two-year periods, will be integrated into the Public Health system.

The general text also provides for organization of an emergency service consisting of a study and coordination mission of long duration (four years) and the cooperation of French specialists in the development of the emergency toxicology service recently created in Rabat.

The third project provides for bringing to Morocco French specialists who will be in charge (for a maximum of four years) of training personnel for upkeep and maintenance of bio-medical equipment, general equipment and buildings.

Both parties accepted the plan for creating two medical schools in Morocco; French teachers and specialists will collaborate in realizing and operating the schools.

Training of social welfare personnel constitutes the fifth project, the French part being to take charge of training future Moroccan staff members in this field and putting at Morocco's disposal the French teachers necessary to put in place and operate the project.

Lastly, the last three projects concern radio protection service, assistance in matters of management and the exchange of documentation.

The signing ceremony took place in the presence of the secretary general of the Public Health Ministry, the principal private secretary, the French ambassador to Rabat and the members of the delegations from both countries.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

'ALI NASIR MUHAMMAD SPEAKS ON REVOLUTION DAY

LD132200 Aden Domestic Service in Arabic 1730 GMT 13 Oct 80

[Speech by PDR Supreme People's Council chairman 'Ali Nasir Muhammad to commemorate 17th anniversary of the 14 October revolution--live or recorded]

[Excerpts] Brother citizens:

At its extraordinary general congress our party considered and defined its principled attitudes toward the situation in the neighboring region in particular and the Arab and international situation in general. While emphasizing the importance of establishing equal and constructive relations with our neighbors on the basis of peaceful coexistence and respect for national sovereignty, we are anxious about American military moves which have exposed the U.S. military administration's tendency to reinforce its hostile military presence through its bases and spy aircraft. We appeal to the states in the region to halt the deterioration affecting security and stability in the region due to (?the dangers) threatening the future of the region's peoples and world peace. For our part we stress that we will never remain silent in the face of any hostile presence in the region (?harmful) to the security and stability of our Yemeni people and of our Arab peoples.

Our country, relying on its known principled attitudes, will continue to support all militants struggling for the liberation and progress of their peoples and the world's peace and security. In this respect, we will continue our solidarity with the Oman revolution, the Palestinian revolution and the Lebanese national movement and we will support heroic Syria, Libya, Algeria and revolutionary Palestine and stand with them in the same trenches.

(?We will support) the establishment by (?the Arabs) of the foundations of the National Steadfastness and Confrontation Front to enable it to do its duty of resisting the designs and conspiracies of imperialism and Zionism. We will also work to expand the scope of comprehensive cooperation with the countries of the socialist community, headed by the USSR, for whose support and backing of the struggle of our Yemeni people and the Arab peoples for national liberation and social progress words of appreciation and deep respect cannot suffice.

Once again, brother citizens, let me congratulate you heartily in the hope that the 18th anniversary of the revolution will witness further victories and successes in bringing the hopes and aspirations of our great people and our glorious party to realization. Peace be upon you all.

PERSIAN GULF AREA

BRIEFS

RA'S AL-KHAYMAH PHARMACEUTICALS--Shaykh Sa'ud ibn Saqr al-Qasimi, chairman of the ruling court of Ra's al-Khaymah, as president of the Gulf Pharmaceutical Industries Company, signed an agreement on Thursday 28 August with the West German firm Hoechst by virtue of which the German company will provide technical expertise to develop the existing company factory into a pharmaceutical industries complex. The Hoechst company holds top position in the world in pharmaceutical manufacturing areas in terms of sales and quality. The board of directors of the Gulf Pharmaceutical Industries Company and Medical Accessories (Agadima) of the Arab League, the General Pharmaceutical Organization in Iraq, and a number of businessmen in Arab Gulf states have recently held meetings in Ra's al-Khaymah, designating the board chairman, Shaykh Sa'ud ibn Saqr al-Qasimi, to sign the contract on behalf of the board. /Text/ /Kuwait/ AL-QABAS in Arabic 11 Sep 80 p 17/ 11887

CSO: 4802

BRIEFS

COUNCIL OF MINISTERS' DECISIONS--His excellency Shaykh Husayn Mansuri, deputy minister of communications and information, declared that the Council of Ministers has approved yesterday in its session the request of the minister of information to disburse the annual aid installment to all the newspaper and magazine houses for 1980-1981 on the basis of the decisions made by the previous Council of Ministers. His excellency added that the council has also reviewed the request of His Royal Highness Prince Saud al-Faysal and approved Saudi Arabia joining the Convention on Diplomatic Protocol and Immunities signed in Vienna in April 1961. The council further approved the request of Dr Abd-al-'Aziz al-Khowaytar, minister of education, to extend the project concerning the overall archeological survey of the kingdom five more years from 1981-1985, according to the decree of the Council of Ministers No 621 of 21 May 1975. Moreover, the council decided after reviewing the request of Dr Solayman al-Salim, the minister of commerce, concerning the increase in the prices of food and drinks in some hotels to approve the ministry's intervention to determine the prices of food and drinks in hotels whenever necessary. Furthermore, the council approved the request by Shaykh Ibrahim al-'Anqari, minister of labor and social affairs, to increase the monthly remuneration of the trainees in the vocational training centers and giving them a bonus upon their graduation, and increasing the monthly remuneration of all trainees in vocational rehabilitation centers and in night programs. These increases are pursuant to the expansion of the vocational training programs as a part of the Second Development Plan. [Text] [Jiddah 'OKAZ in Arabic 23 Sep 80 p 6]

CSO: 4802

PAPER SAYS U.S. SENT TROOPS TO GULF SOON AFTER WAR BEGAN

R0351421 Paris AFP in English 1405 GMT 5 Oct 80

[Text] Damascus, 5 Oct (AFP)—The United States sent troops to Oman, Bahrain, Dubai and Saudi Arabia soon after the Iranian-Iraqi war broke out two weeks ago, the ruling Syrian Ba'ath Party newspaper AL-BA'TH said today.

Quoting "reliable sources in the Gulf," AL-BA'TH added that Egyptian President Anwar al-Sadat had "contacted several powers in the region in view of cooperating in the American military set-up."

The newspaper said that the armed forces of Kuwait, the United Arab Emirates, Bahrain, Qatar and Saudi Arabia were on full alert and that guard of oil wells had been stepped up. AL-BA'TH also said "Iraqi planes and warships are in Bahrain and in the emirate of Ra's al-Khaymah."

Again quoting "informed sources," the newspaper said "U.S. Phantom, at first mistaken for Iranian aircraft, have been carrying out regular high-altitude patrols over the region."

AL-BA'TH warned that "several Arab and foreign companies" were seriously considering winding up their interests in the Gulf after fears increased that the war could drag on even if the United States "intervened officially."

In another, more conciliatory article, the party newspaper called on both Iraq, an "Arab country," and Iran, as a "strategic ally of the Arab nation," to accept their responsibilities and end the war.

AL-BA'TH wrote that Iraq should save its strength to fight "imperialism, Zionism and the Camp David agreements (between Israel and Egypt)" while Iran should "stand by the Arab side."

The party daily called for an urgent reconciliation, noting that the Arab world needed "Iraqi strength and Iranian support."

The Syrian newspaper said that the war could end up pushing Iran into American arms by putting too heavy a strain on it, concluding that this would be "neither Iran's nor the Arab nation's interest."

CRO: 4820

DAMASCUS RADIO COMMENTS ON SYRIAN-SOVIET TREATY

JN101440 Damascus Domestic Service in Arabic 1230 GMT 10 Oct 80

[Station commentary]

[Text] The friendship and cooperation treaty signed between Syria and the Soviet Union within the framework of the historic visit leader President Hafiz al-Assad is paying to Moscow is a large victory for the forces of liberation and progress in the region. It is also a new consolidation of the Arab revolution movement's capabilities in the confrontation of the Camp David schemes and the Zionist and imperialist forces' plots, which are aimed at liquidating the Palestinian issue and imposing the conditions of capitulation and defeatism on the entire Arab nation.

The extraordinary Arab and international interest in this treaty reflects to a large extent its strategic value concerning the Arab liberation struggle at this stage. Balance in the region will shortly be achieved, and this will inevitably lead to the deterrence of the Zionist aggression, the encirclement of the Camp David accords from all sides and the creation of new and practical realities for the Arab masses so that they can exercise an advanced role on the level of deepening their pan-Arab steps and mobilizing their self-potentials on the liberation battle arena.

All this embodies the historic meaning of President al-Assad's visit to the Soviet Union. For Syria, which has always cared to consolidate the friendship and cooperation with the forces of liberation and socialism in the world, is now behaving on the basis that it now high time to step up these relations by the qualitative factor, which is embodied in the friendship and cooperation treaty with the Soviet Union.

The hostile forces' reaction to this treaty stresses this treaty's importance and seriousness as regards the whole prevailing situation in the Middle East. Terrorist Menahem Begin, prime minister of the Zionist enemy, has expressed his deep concern over the conclusion of a friendship and cooperation treaty between Syria and the Soviet Union. He expects that large repercussions will occur on the world level. As for Egypt's ruler Anwar al-Sadat, he described the treaty as very serious because, in his opinion, it will lead to a new defect in the balance of powers in the region.

It is understood from these comments that the Zionist and imperialist forces will as of now try to undertake some aggressive moves in the Middle East with the aim of placing the region before a grave state of aggravation and deterioration. These forces will then proceed to direct attacks against the positions of the Arab liberation movement.

This indicator can be detected in more than one place in the Middle East.

The United States is reinforcing its military presence in the Gulf region under the pretext of protecting the oil supplies against havoc and sabotage attempts. The colonialist forces in general are, in turn, trying to employ the circumstances and interactions of the Iraqi-Iranian war to rebuild their fallen positions in the region and to further loot the Arab nation's material and human wealth. However, these imperialist calculations will not, from now on, go according to plan because the qualitative leap of the Syrian-Soviet relations will completely foil such calculations and will basically reformulate the general situation in the region in the interest of Arab rights.

The welcome with which the friendship and cooperation treaty between Syria and the Soviet Union has been received by the forces of liberation and progress in the Middle East and the world simply means that the forces of colonialism and imperialism have been stricken by a new defeat in the Arab region, something which constitutes in itself the other face of the justice of the pan-Arab struggle being waged by the Arab nation to liberate its occupied territories and restore its usurped rights.

The next few days will witness further positive changes on this level. From now on, the Middle East will not remain the captive of imperialist and Zionist control. It will find itself all at once in a position of complete freedom from this grave control. Thus, Syria has returned the crisis of the Arab-Zionist struggle to its correct historical framework and has reorganized the pan-Arab home in a manner that will enable the entire Arab nation to overcome all the obstacles impeding its required liberation and to directly enter the comprehensive confrontation of the enemies.

CSO: 4802

SYRIA

BRIEFS

MUSLIM BROTHERHOOD DEN 'STORMED'--Aleppo--Syrian security forces stormed a Muslim Brotherhood den in the Mambijj area today, killing two men and confiscating four revolvers, three bombs, a large amount of ammunition, false identity cards and documents revealing the gang's contacts with the enemies of the nation and homeland. The citizens of Mambijj expressed their satisfaction at the discovery of this den and affirmed their cohesion with their revolution in putting an end to tyrants and plotters. [Text] (JN242006 Damascus Domestic Service in Arabic 1915 GMT 24 Sep 80)

CSO: 4802

BRIEFS

TELEPHONE NETWORK--"Cit-Alcatel," a French company, has been awarded the contract to provide the towns of Gabes, Sousse and Sfax with telephone exchanges because of its E-10 electronic system. "Ericsson," a Swedish company, on the other hand, will modernize and extend the telephone network from Tunis and Bizerte. The two firms will install a total of 120,000 new automatic lines. The contract is put at 150 million francs, divided almost equally between the two companies. There is also a projected telephone link via underwater cable between Tunisia and France valued at 200 million francs. [Text] [Tunis DIALOGUE in French 29 Sep 80 p 48]

CSO: 4400

RESPONSE TO LIBERIAN FOREIGN MINISTER STATEMENT

LDO31055 Abu Dhabi AL-ITTIHAD in Arabic 30 Sep 80 p 6

[Editor's column: "With the Events"]

[Text] The recent developments in the area in relation to the settlement between Egypt and the Israeli enemy have enabled Israel to reap the fruits of its diplomatic victories at every level. The Liberian foreign minister's recent statement calling for a rapprochement between the African states and Israel is a very serious statement and implies many things. If we go back to the not too distant past, we discover that the African states, after the 1973 war, severed their diplomatic relations with the Israeli enemy in solidarity with the Arab nation. The African states adopted that firm stand when Arab solidarity was almost complete.

But now that the Arabs are split and lack leadership, Israel has begun to take advantage of this situation in order to implement its hostile policy. The Israeli information media have been distorting the Arab image in the African states. We are aware that Israel needs markets to sell its goods and products and that the African states are the only market for Israel. We are also aware that the Israeli goods were reaching Uganda after the 70's and that the Ugandan Government later became aware of this matter and, under concerted Arab pressure, banned Israeli goods from its territory. Now, however, the situation is completely different. Israel is now safe and unaffected by Arab surveillance, especially in the wake of the Egyptian-Israeli rapprochement engineered by the imperialist states, which has led to the detachment of Egypt from the Arab ranks and from the Arab confrontation of Israel and in view of the serious developments that are taking place in the area.

The Liberian foreign minister justifies his call by the fact that Egypt has established diplomatic relations with Israel and that Egypt is an Arab state and therefore, why should the African states, which have nothing to do with Arabism, not do the same. Israel seized this opportunity and welcomed this "blessed" African initiative, thanking the Arab states for being the cause for such an initiative to be made.

In view of all this, what will the Arab states do to counter this African step? Will they issue strong resolutions like the ones they issued at the time when Jerusalem was annexed and the sanctions they imposed on the states which recognize Jerusalem as Israel's capital? We seek stronger resolutions than those in order to counter this step and to check Israel and prevent it from taking advantage of any opportunity that might present itself in the absence of Arab solidarity.

BRIEFS

OIL EXPLORATION AGREEMENT--The heir apparent and chairman of the Executive Council, Shaykh Khalifah ibn Zayid, signed today two franchise agreements on oil exploration with U.S. and Canadian companies. The area covered by the agreements is 10,000 square km in Abu Dhabi and al-'Ayn. The two companies will spend \$125.5 million during the first 10 years of the franchise. Petroleum and Natural Resources Minister Dr Mani' ibn Sa'id al-'Utaybah, who attended the signing ceremony, said the contracts for the first time stipulate new terms at the instructions of the heir apparent. The companies are to explore for potable water. Gas explored in the franchise area will be the property of the government. The companies must pay any taxes levied by the government. He said that these new terms are among the best reached by any OPEC country or other organization. They are an example to be followed by other countries intending to grant franchises for oil exploration in their territories. The minister added that the Abu Dhabi Oil Department stressed the importance of using the most advanced world technology for research and exploration. [Excerpts] [GF131359 Abu Dhabi Domestic Service in Arabic 1230 GMT 13 Oct 80]

CSO: 4802

ALPS CLAIMS WIPING OUT OF ELITE FAR UNIT IN SAHARA

Algiers EL MOUDJAHID in French 19-20 Sep 80 p 5

[Article: "An Elite FAR Unit Wiped Out in South Morocco by the ALPS"]

[Text] Two hundred ninety-seven monarchist soldiers killed and 24 others taken prisoner; 4 armored tanks destroyed.

SDAR [Saharan Democratic Arab Republic] (Liberated territories) (APS)--
A communique of the Saharan Ministry of Information announced: "After the annihilation of the Moroccan elite troops, pompously named by the Hassan II government "Ouhoud," "Zellagha," "Badr," "Imann," our brave ALPS [Saharan People's Liberation Army] again realized a great war exploit within the framework of the "Houari Boumediene" offensive against aggressive Moroccan troops in the region between Siken and Abatih (South Morocco)."

"Thus fighting units of our heroic ALPS on 17 September 1980 engaged in battle against the "famous" Moroccan elite "Larak," supported by the 10th regiment. During violent conflicts that lasted 16 hours, our brave fighters disabled several hundreds of monarchist soldiers, wounded another several hundred, destroyed or recovered an impressive amount of military equipment, including armored tanks, various types of vehicles, as well as heavy and light weapons," added the communique.

"Several tens of monarchist soldiers were captured by our illustrious fighters during this battle," continued the document.

A second communique specified that "aggressive Moroccan forces experienced significant losses in human lives and materiel, estimated at:

- 297 dead, of all ranks, and as many wounded, and the destruction of the following materiel:

- 4 armored tanks, 23 Land Rovers, 11 "GMC" trucks, 4 "Unimog" trucks, 5 105-mm cannons, 3 120-mm mortars, 4 81-mm mortars, 5 12.7 mm machine guns,

2 14.5--mm machine guns, 3 23-mm bi-tube batteries.

At the end of this battle, the Saharan fighters captured 54 enemy soldiers, including 2 adjutants, and recovered the following materiel:

- 14 Land Rover vehicles, 4 GMC trucks, 1 crane, 1 tank truck, 2 VLRA trucks, 5 12.7-mm machine guns, 7 American-30 machine guns, 10 Mag machine guns, 3 anti-tank rocket launchers, 130 Pal guns, 11 Kalashnikov's, 1 mine detector, 7 transmitter-receiver sets, including 2 long-range ones, 83 tons of ammunition.

Thus this new defeat of the Moroccan elite "Larak," cream of the general staff of the annexationist troops of Rabat, which follows the preceding ones of the "Ouhoud," Zellagha," "Badr" groups, in more ways than one reveals the determination of our people to pursue and to generalize armed struggle everywhere on Moroccan territory as long as the Hassan II government confines itself to blind intransigence and continues to reverse the decisions and resolutions of the international organizations that acknowledge our people's legitimate right to national independence and sovereignty.

This very day, our brave fighters intensively rammed the Moroccan "Gour-Leh-cheicha" garrison (on the SDAR-Moroccan border), causing very great losses in human lives and materiel to the monarchist occupation and invasion forces," the Saharan communique also indicated.

8255

CSO: 4400

POLISARIO ESCALATING MARITIME OPERATIONS AGAINST SPAIN

Paris LE MONDE in French 4 Oct 80 p 11

[Article by Daniel Junqua: "Fifteen Portuguese Fishermen Captured by the POLISARIO"]

[Text] Algiers--On Thursday, 2 October, the POLISARIO announced that the "Saharan navy" had visited and inspected a Portuguese boat while it was fishing along the Western Saharan coast. Fifteen fishermen were captured and "will be freed at the right moment." The announcement was in contrast to the Saharan silence toward the 29 September attack at Dakhla of two Spanish trawlers, the "Sarita" and the "Costa Terranova," whose crews were arrested (LE MONDE, 1 October).

The difference in treatment is completely intentional. To obtain the release of 14 of its subjects seized under similar conditions in June, the Lisbon government recognized the POLISARIO as the "unique and legitimate representative of the Saharan people," and, in a communique published on that occasion referred to the SADR twice. Madrid's officials on the contrary have refused to take such a step to recover the 15 crewmembers of the "Gormonar," seized on 22 May. These last few weeks, they have carried out an active international campaign to denounce the "dealings of the POLISARIO..". At their instigation, the foreign ministers of the member countries of the Andean Pact have sent a telegram to the UN Commission of Human Rights protesting against the arrest of the Spanish fishermen.

The Saharan leaders have disliked this initiative. They counterattacked by sending one of their officials, Mr Mahfoud Laroussi, to Panama and publishing a message violently denouncing "Spain's hostile policy toward the Saharan people." The seizure of 25 new sailors, which brings to 40 the number of Spaniards arrested by POLISARIO, constitutes a new escalation and places the Spanish authorities in a difficult situation.

The increase of maritime operations against Spain also makes it possible for the POLISARIO to be talked about at the international level at a time when a UN session that will deal again with the Saharan problem is opening and it seems that the Saharan resistance fighters are clasing on the ground with a more effective resistance from the Moroccan army, at least in Southern Morocco.

NEW LAW CREATES AVIATION, AIR DEFENSE FACULTY

San'a' AL THAWRAH in Arabic 9 Sep 80 pp 7, 2

/Article: "Republican Decree Establishes Faculty of Aviation and Air Defense"/

/Text/ Republican Decree on Law No 17 for the Year 1980 establishing a faculty for aviation and air defense.

The president of the republic, having studied the permanent constitution; the constitutional proclamation issued 6 February 1978 forming the Constitutional People's Assembly, amended by constitutional proclamation issued 17 April 1978;

The constitutional proclamation issued 22 April 1978 implementing the decree of the Constitutional People's Assembly defining the form of the office of the prime minister, its areas of specialization and its term; the constitutional proclamation issued on 8 May 1979 amending some provisions of the previous constitutional proclamations bearing on the People's Assembly and broadening its powers; and Law No 16 for the Year 1975 regarding the service of officers in the armed forces:

Has decreed the following law:

Article One. A faculty is to be established, called the Faculty of Aviation and Air Defense, which will be subordinate to the armed forces general command.

Article Two. The faculty will prepare its students to be officers competent from the educational and technical standpoints to serve in air force and air defense units.

Article Three. Administration of the faculty will be assumed by a director with the rank of a senior officer and he will be assisted by the senior instructor.

Article Four. The faculty will have a higher council to consist of:

- A. The chief of war staff of the armed forces as chairman, or one of his deputies in his absence.
- B. The director of the faculty.
- C. The director of the War College.
- D. The senior instructor of the faculty, who will be the council secretary.

Article Five. The higher faculty council will be competent to review the following matters:

- A. The goals of study in the faculty, and approval of them.
- B. Educational organization of the faculty, and approval of that.
- C. The requisite number of students in each new class.
- D. Faculty requirements for new facilities.
- E. Presentations made in accordance with a request by the chief of war staff of the armed forces or a written request presented by the faculty director.
- F. Approval of the nomination of reaching faculty members from among military and civilian personnel and their appointment to work in the faculty.
- G. Distribution of educational materials among the departments of the faculties.

Article Six. The higher faculty council will meet by invitation of the chairman or in accordance with a written request presented by the director of the faculty to the chairman of the council, on condition that the council meet at least twice an academic year.

Article Seven. The holding of sessions of higher faculty council will be valid only if an absolute majority of its members is present. Council decrees will be issued by a majority of votes. In case of a tie, preference will go to the side the chairman is on. The council's proceedings will be secret and its decrees will be with cause. If one of the issues presented is related to a member of the council, he must refrain from attending.

Article Eight. The decrees of the higher faculty council will be considered in effect as soon as they are issued.

Article Nine. The faculty will have an education council consisting of:

A. The deputy chief of staff for training affairs, whose place will be taken in the event of his absence by the director of military training, as chairman.

/B./ The senior instructor of the faculty.

/C./ The teacher of military subjects with greatest seniority. He will be secretary of the council.

/D./ The teachers of civilian subjects with greatest seniority, as members.

Article 10. The faculty educational council will be competent to review the following matters:

A. Putting the goals of study in the faculty into implementation.

B. Preparing organizational instructions for study in all educational departments of the faculty.

C. Apportioning educational courses throughout the years of study, preparing their curricula, and setting up classes of study for each subject.

D. Nominating civilian and military faculty members who work in the faculty and recommending their appointment to work in the faculty.

E. Examining the faculty's annual budget draft.

F. Recommending the amendments it considers appropriate in the faculty's bylaws.

G. Whatever is presented to it by written request of the deputy chief of staff for training affairs, the director of the faculty or the senior instructor, at least 1 week before the convening of the council.

Article 11. The faculty educational council will meet by invitation of its chairman in accordance with a request by the faculty director, or by written request presented by at least three members to the chairman of the council; it is stipulated that the faculty educational council must meet at least four times during the academic year.

Article 12. The decrees of the faculty educational council will be valid only if it is attended by an absolute majority of the members, and it will issue its decrees by a majority vote. In the case of a tie, preference will go to the side the chairman is on; the proceedings of the council will be secret and its decrees with cause. If one of the issues presented is related to a member of the council, he must refrain from attending.

Article 13. The council's decrees will be in effect only after approval by the chief of war staff of the armed forces. If he does not approve

them within 15 days of the date he is notified of them, they will be considered to be in effect. If he objects to them within that period, the protested decree will be returned to the council, which will review it again in the light of the protest within a week of the date of the return. If the council insists on its view, the chief of the staff authority will issue his decree in the manner he deems fit, and this decree will be considered final.

Article 14. The faculty council may seek the aid of people with expertise whose views it considers appropriate at council sessions and they will not have a valid vote in the council's transactions.

Article 15. Persons applying for enrollment in the faculty must meet the following conditions:

1. They must enjoy citizenship in the Yemen Arab Republic and be of two Yemeni parents.

2. They must have obtained a general secondary certificate, scientific or literary.

No more than one academic year may have elapsed since their acquisition of this certificate.

3. Their age must not be less than 16 (sixteen) or exceed 23 (twenty-three).

4. Those who are 16 must be not less than 155 centimeters tall, those who are between 16 and 18 must not be less than 158 centimeters tall, and those from 18 to 20 must not be less than 159 centimeters tall.

5. They must be of good conduct and behavior and no sentences may have been issued against them.

Article 16. The tests the applicant wishing to be enrolled in the faculty will pass through are:

First, a medical fitness test. The applicant must pass these tests in accordance with the level the military medical council sets out.

Second, physical fitness tests. The applicant must pass the tests in accordance with the level the educational council in the faculty sets out.

Third, general information tests. The applicant must pass those tests set out by the faculty educational council.

Fourth, test of personal bearing and character. The applicant must pass this before the committee which holds it, which will consist of:

Chairman of the higher faculty council, as chairman.

Director of the faculty, as member.

Senior instructor, as member.

Commander of the faculty company, as member.

Anyone the general armed forces command sees fit, as member.

The faculty bylaws will also specify the different aspects of other regulations for accepting persons presenting themselves for enrollment in the faculty.

The results of the above tests and the names of accepted applicants will be published in writing at the faculty headquarters following their approval by the commander general of the armed forces.

The nomination of students accepted in the faculty will be abrogated if they do not present themselves to the faculty in 15 days of the date of the announcement of the results of the tests referred to in the preceding paragraph.

Article 17. The probation of students accepted at the faculty at the start of the first academic year will depend on the condition of their fitness for military life during the period defined by the faculty council at the beginning of the academic year. At the end of the probation period, the faculty council will issue a decree on the students' fitness for military life; at this point the students will be considered to be in the preparatory section. If they are unfit, the decree must contain a statement on whether the students are only to be removed from the faculty or are to be prevented from enrolling in any other military faculty, and the decree of unfitness must be issued by unanimous vote.

Article 18. The commander general of the armed forces will have the right to terminate any student for serious cause related to the public interest in accordance with a report by the faculty council.

Article 19. The period of study at the faculty is 3 years. This may be lowered to less than that in the case of the air defense department only, in the event the armed forces have need for officers, by decree issued by the commander general of the armed forces.

Article 20. The living requirements of the student during the period of study and military and athletic training uniforms will be at the expense of the state, and the student will be given a monthly stipend specified by the commander general of the armed forces.

Article 21. Studies at the faculty will be organized on the basis of three educational sections: the preparatory, intermediate and women's sections.

Article 22. Instruction in the faculty will be in Arabic and the higher faculty council may decide to teach one or more subjects in a foreign language.

Article 23. Students in the faculty will receive the following instruction:

1. The technique of combat. 2. Preliminary instruction in arms and fire-fighting. 3. Physical fitness. 4. Mapreading. 5. Specialized courses which the faculty educational council determines for every field of specialization.

B. /etc/ Technical courses comprising the following subjects:

1. Signals. 2. Field engineering. 3. Command and aeronautical engineering, for the aviation department.

4. Driver education, for civil defense.

5. Specialized courses which the faculty education council determines in accordance with each specialization.

C. The signal courses will comprise the following subjects:

1. Order and management. 2. Administrative affairs in peace and war. 3. Military traditions.

D. Social courses will include the following subjects:

1. Military history. 2. Military geography. 3. Morale guidance. 4. National history.

E. Science and mathematics, namely chemistry, physics, nature and mathematics.

F. Languages, including English language study.

The general commander may, by request from the higher faculty council, decide to remove some courses or add other courses connected to the goals of the faculty.

Article 24. The faculty bylaws will regulate the hours of instruction, distribution of grades for various courses and passing grades. It will also specify major courses where the student will be considered to have failed for the year no matter what requisite passing grades he receives, if he fails them.

Article 25. Any student failing a year more than once in any study department will be terminated from the faculty. If the student acquires less than 50 percent in conduct and diligence grades, his case will be

presented to the higher faculty council to determine whether he should be kept or terminated.

Article 26. The rank of passing students in the final section will be in accordance with the grades the students receive in the final section.

Article 27. The president of the republic will grant bachelor's degrees in military science to students who have successfully passed the examination for the final section in the faculty.

Article 28. The disciplinary penalties which may be imposed on students are:

1. Prison for a period not to exceed 168 hours (7 days).
2. Detention in the faculty for a period not to exceed 38 days.
3. Withholding of leave for a period of 3 weeks.
4. Minor penalties, types of instruction, inspection by the travel board, withholding of weekly leave.
5. Removal of noncommissioned officers from the faculty and their demotion to a lower rank.
6. Abrogation of examinations in one or more courses.

Article 29. The following crimes will be considered serious ones, and those students committing them will face permanent dismissal from the faculty:

1. Theft or acceptance of stolen articles.
2. Murder or attempted murder.
3. Waste or embezzlement.
4. Violent conduct indicating danger or prejudicial to public morality or military traditions.
5. Intentional forgery such as the presentation of forged papers or evidence, data or false statements.
6. Cheating in examinations, attempted cheating, or aid to others in cheating.
7. Absence for a period of more than 10 days without permission or an excuse accepted by the faculty.

8. Offering or acceptance of or acting as an intermediary in a bribe.
9. Dealing in or owning narcotics, kat or alcoholic beverages of any kind.
10. Striking, or attempted striking.
11. Disobedience or use of words implying threats.
12. Deliberate falsified certification.
13. Failure to obey an order issued by a higher officer in a manner displaying deliberate rejection of authority.
14. Escape or attempted escape in case of presence under military restraint.
15. Pretending illness or deliberately creating illness in oneself.
16. Shameful conduct unfit for a student in the faculty.

Article 30. The following authorities will be concerned with the imposition of disciplinary penalties:

1. The higher faculty council.
2. The director of the faculty.
3. The senior instructor.
4. The faculty company commander.
5. The faculty war staff.
6. The battalion commander.
7. The platoon commander.

The bylaws will specify the disciplinary penalties which each of the foregoing disciplinary authorities will be competent to impose.

Article 31. Anyone resigning from the faculty without its agreement, or contriving to leave it to join another institute or faculty, as well as all students leaving the faculty without spending at least 5 years in armed forces service from the time of their graduation, will be bound, by bond, with their guardian, to pay double the amount the state treasury has spent on his studies.

Article 32. The commander general will issue the bylaws of the faculty after receiving the views of the higher faculty council, and may issue the decrees necessary to implement this law.

Article 33. This decree on the law will be in effect as of the date it is issued and it will be published in AL-JARIDAH AL-RASMIYAH and military publications.

Issued at the Republican Palace in San'a', 8 September 1980.

Col 'Ali 'Abdallah Salih, president and commander general of the armed forces.

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